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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Lebanon jets hit Left forces

The civil war in Lebanon intensified yesterday when two Lebanese Air Force Hunter jets attacked Palestinian Leftwing positions which had fired on an army convoy travelling south to the beleaguered Christian village of Damour.

After this first intervention by Government military aircraft the already fierce exchanges in Beirut reached a new intensity.

The Hunters swept at low-level over the city airport's runways shortly after Maj. Gen. Hikmah al Shebani, Syrian Chief of Staff, had flown in for consultations with President Franjeh. Last night the airport was closed to civil traffic.

A Lebanese military spokesman said that the jets bombed Palestinian and Druze positions for 20 minutes, but had encountered SA-7 missile fire from refugee camps. He denied reports that one Hunter had been lost.

Egypt last night condemned the action of the Lebanese Air Force and urged immediate measures to halt it, adding that the Palestinian movement was a threat in the Lebanese Government's hands. *Back Page.*

### Speaker is to retire shortly

Mr. Selwyn Lloyd, who is to retire as Speaker of the House of Commons within the next few weeks, is expected to announce his decision early next week. A former Conservative Chancellor and Foreign Secretary, Mr. Lloyd, 71, was elected Speaker five years ago. Mr. George Thomas (Labour, Cardiff W.) is likely to succeed him. Mr. Lloyd's departure will probably mean a March 4 by-election in the Wirral, a safe Tory seat. The Conservative Party is due on that day.

### FNLA 'on point of collapse'

The U.S.-backed National Front for the Liberation of Angola, FNLA, was in a serious position last night as it continued to fight Cuban-led Popular Movement For the Liberation of Angola, MPLA, forces. Messages reaching Washington suggested FNLA was on the point of collapse. *Page 13.*

### Iceland hedges break threat

Iceland is expected to announce its decision to break diplomatic relations with Britain early next week, but to allow a few days grace before making the break effective. There is likely to be a provision that relations will be severed if Britain does not withdraw its frigates from God War waters within a week. *Page 9.*

### Hope given up for ore vessel

All hope has been abandoned for the Norwegian ore carrier Berge Ispra, which vanished in the Pacific last month while on a voyage from Brazil to Japan, its owner Sigvald Bergeesen said in Oslo last night.

### Madrid strikes

The Madrid strikes spread yesterday despite Thursday night's arrests of 120 workers' leaders. *Page 11.*

### Uprooted

Some 3,500 trees and bushes planted by the city council as part of a make-Rome-beautiful campaign, have disappeared—probably stolen by thieves seeking a quick profit by selling them to the public.

### Briefly...

Equal Opportunities Commission has received about 2,500 sex discrimination inquiries since it started work two weeks ago.

Britain yesterday closed its Nice consulate as part of a Foreign Office economy drive.

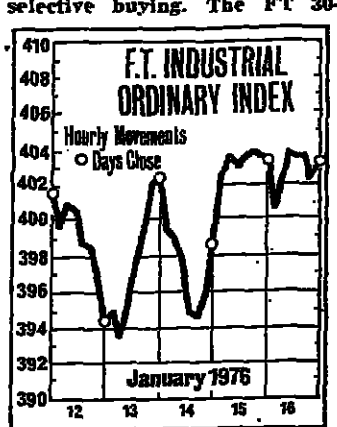
### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
Treasury 13pc '90..14971 + 11	Rediffusion .....	87 + 7
Treasury 12pc '92..14941 + 1	Reynolds Parsons .....	98 + 4
Raird (Wm.) .....	Roberts Adlard .....	72 + 4
Bibby (J.) .....	Rockware .....	81 + 4
Blackwood Hodge .....	Spirilla .....	74 + 4
British Northrop .....	TCK .....	120 + 11
Burton "A" .....	Transparent Paper .....	47 + 3
Camtors "A" .....	Vibropact .....	108 + 4
Corn Exchange .....	Watts Blake & Berne .....	118 + 11
Dixons Photo .....	Rouganville .....	110 + 4
English China Clay .....	Selection Trust .....	840 + 15
Gerrard and Nat. .....		
Gordon and Goch .....		
GKN .....		
Lankro .....		
Nat. Westminster .....		
Newman Inds. .....		
Reardon Smith "A" .....		

### BUSINESS

## Equities muted; gold loses \$2½

●EQUITIES were muted, but second line shares attracted selective buying. The FT 30-



share index closed 0.1 down at 402.2, for a net gain of 1.6 on the week.

●GILTS attracted substantial demand especially at the longer end and the Government Securities Index closed 0.07 up at 63.27.

●GOLD lost \$2½ to \$130. Its lowest closing level since September 23 on possible implications of IMF gold sales.

●STERLING gained 25 points to \$2.0304, and its depreciation narrowed to 30.1 per cent. (30.2). The dollar improved to 2.34 per cent. (2.47).

●WALL STREET closed 5.12 points up at 929.63, making an overall gain of 13.50 on the week, and a 72.22 rise since January 1. Trading continued heavy at 2.5m.

●COMPANY dividend controls have been modified to allow companies which miss or cut their pay-out for one year to Tory seat. The Conservative Party is due on that day.

### Home loan market boom

●BUILDING SOCIETIES nearly doubled their receipts in 1975 to £2.25bn, and lent out a near record £4.98bn, to about 650,000 home buyers. *Back Page.*

### JOBS

●MARTON U.K. has received another oil rig order from Abu Dhabi worth £5m. to £6m. The U.S. parent company has threatened to withdraw from Clydebank unless another order was forthcoming. *Page 9.*

●LORD KEARNTON has been appointed temporary chief executive of BNOG, in addition to his job as full time chairman. *Man of the Week, Back Page.*

### EXPORTS

●U.K. AEROSPACE exports for the first 11 months in 1975 reached £1.85bn, at £2.75bn, the rise being largely accounted for by higher prices. *Page 11.*

●BSC has warned it may lose valuable export orders for its plate because of strikes at five Welsh works over labour economics. *Page 13.*

### COMPANIES

●IBM pre-tax profits rose by nearly 32 per cent in the fourth quarter of 1975 to a record \$888.6m. (\$446.5m.), making \$1.9bn. for the year. *Page 11.*

●BURROUGHS MACHINES, subsidiary of Burroughs Corporation of the U.S., reports a 24 per cent. increase in turnover to a record £71.88m. from £57.85m. Pre-tax profits were down from £1.02m. to £584,000, adversely affected by the fall in the value of the pound.

●FIAT has announced its consolidated group turnover up 1.650bn. at £2.75bn, the rise being largely accounted for by higher prices. *Page 11.*

## U.K. cuts payments deficit by half to under £1.7bn.

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

A further improvement in the U.K. balance of payments position during the fourth quarter last year meant that in 1975 as a whole the current account deficit was, at under £1.7bn., less than half the figure in the previous year.

There was a dramatic fall from £1.7bn. to £700m. in the current account deficit between November and December, and it already stood at £575m. as the forecast given recently by the Chancellor to the International Monetary Fund for the financial year 1975-76 was, at about £200m., somewhat on the high side.

Both exports and imports hit new peaks in value terms during September—at £1.7bn. and £1.86bn. respectively.

The current account deficit of £700m. was struck after taking credit for an estimated surplus of £120m. in "invisible" earnings, which includes profits from U.K. companies' investment overseas, as well as insurance, shipping and tourism.

But with the de-stocking process which restrained imports last year now nearly ended, the pace of the improvement in the U.K. payments situation is not expected to be kept up this year.

Another substantial deficit in the region of £1.1bn. to £2bn. is widely forecast for 1976—a range consistent with indications given by the U.K. IMF letter of October 1975, and the Government's declared intention to continue its flexible exchange rate policy.

What the extent of the sterling's depreciation during 1976, however, the size of the year as a whole reflected the fact

that the U.K. more than held its own in world trade, while imports were strongly restrained by the domestic recession.

A further important factor was that, despite a setback in the last quarter, the U.K.'s terms of trade (the ratio of average export prices to average import prices) improved significantly in the course of 1975—from 76.0 in the fourth quarter of 1974 to 80.8 in October-December 1975.

The fact that this ratio is still well below the base year of 1970-100, however, is a reminder of the deterioration in the terms on which advanced countries, such as the U.K., trade with the rest of the world.

The improvement in the fourth quarter—from a deficit of £577m. to £348m.—was partly helped by special factors such as the low level of imports of North Sea oil installations during the winter and an unusually large quantity of diamond exports.

There was, nonetheless, a healthy rise in the volume of exports, and the general improvement took place despite a 11 per cent. deterioration in the terms of trade, which were hit in particular by the last oil price increase.

On the "special factors" front, there was a favourable swing of some £75m. between the two quarters in the erratic category of trade in diamonds and a reduction of £200m. in the value of imports of North Sea oil installations. The latter category will be up again when the weather improves.

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## Surge in sale of gilts resumes

By Anthony Harris

THE UNPRECEDENTED boom in sales of Government stock resumed yesterday, after the expected further fall of a quarter point in the official minimum lending rate to 10½ per cent.

With further encouragement from sharply improved trade figures for December, and continued easy conditions in New York, there was heavy demand for the new stocks issued on Thursday.

According to market estimates, less than £200m. of the new Treasury 13 per cent. 1999 was left in official hands by the end of the day, only one day after the issue of £500m., and the price rose by more than a point, proving the strongest towards the close.

With the £500m. new short tap already inoperative, this means that the authorities have funded a further £300m.—£300m. of debt in the past two trading days.

A normally reserved Bank of England official has described the total official sales during the recent boom as "astounding". Market estimates range up to £1.8bn. This is getting on for half the sum raised in the biggest previous full year.

Sheer shortage of funds could now enforce something of a pause. The Bank of England having to release some £250m. of special deposits to ease market conditions during the next three weeks, when usually high tax receipts are expected, shows that much of the previously swollen issue of Treasury bills has now been funded.

The authorities clearly intend to prevent their successes in the gilt market so draining the system of money that short rates are driven up, but it seems doubtful whether there will be any spare funds in the immediate future.

While the gilt market has done quite well in the wake of this, the stock market—since the IMF agreement on gold sales, has been a thoroughly depressed market. The price was marked down further to 8.44m. today at 12.20, and the day's fall at 12.20.

The recent easing in U.S. monetary policy was underlined yesterday when the Federal Reserve Board approved a cut in the discount rate to 5.5 per cent. from 6 per cent. The lower rate will take effect at all Federal Reserve banks except St. Louis on Monday.

As is customary, the Fed said that its action was designed to reflect recent changes in other short-term rates, but the unusually large half-point reduction has been interpreted as a signal to the markets that the Fed intends to maintain its easier monetary posture during the weeks ahead.

Progress will be achieved by stages—coupons might drop first for cigarettes with a large tar content, then all advertising, followed later by withdrawal of the product.

"I am determined to move as fast as we reasonably can because of the serious health aspects of this problem," Dr. Owen said.

"I also accept that the industry needs, for its own investment planning and commercial interest, to have a clear strategy within which it can work for a period of years without being asked to undertake unreasonable changes. This is what I believe the proposed system of part statutory and part voluntary agreements can achieve."

Dr. Owen said the industry had given him a warning it would oppose any wider application of the Medicines Act than currently proposed and believed a voluntary system could work. But he warned that, if a voluntary system failed, the Government was determined to enforce its strategy by statutory means.

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## Price index rise held at 1.2 per cent.

BY MICHAEL BLANDEN

COST-OF-LIVING figures published by the Department of Employment yesterday gave the Government further encouragement that it is on target with its aim of cutting inflation back to single figures by the end of this year.

The rise in the retail price index last month was the same as in the previous month, 1.2 per cent., with high potato prices and other food price increases making a substantial impact.

Over the past six months, however, the rate of price inflation appears to have dropped back to levels equivalent to only about 14 per cent. a year, less than half the rate recorded in the first half of last year.

Over the whole 12 months to December the rise in the retail price index was 24.9 per cent. The Department is encouraged by the continuing decline recorded in this figure over the four months since the year-on-year rate of increase hit its peak of 28.9 per cent in August. Last month was the first time the rise in the index over the year has dropped below 25 per cent since last April, when it was 21.7 per cent.

Since July, covering the months since the 6½ wage rise limit was introduced, the index—which excludes seasonal food items—the measure favoured by the Department—rose by 6.6 per cent., the smallest increase on this basis since January 1974. The six-month rise was equivalent to an annual rate of 14.2 per cent., while in the first six months of last year this index rose at an annual rate of 35 per cent.

It is argued that the impact of wage restraint will become greater as time passes and the effect of that policy is underlined by the Department's figures which suggest that so far some 3.25m. workers have been covered by wage settlements within the terms of the policy.

Peter Bullen writes: Despite all the measures taken by the Ministry of Agriculture and the Potato Marketing Board, including permitting imports, banning exports and relaxing grading standards to bring more potatoes on to the market, there have just not been sufficient potatoes to go round and prices have climbed steadily.

At present there are only about 1m. tonnes of potatoes left in the country to last the winter. At the same time last year, there was at least double the quantity in stock.

The Government has admitted that potato prices will stay at high levels until the first early crops are imported or harvested in this country.

The impact of potatoes and other food prices is shown in the separate index for seasonal foods, which jumped by 6.3 per cent. last month, with fairly widespread price increases. In the previous December, this index rose only 1.1 per cent.

This contributed about a fifth of the overall increase of 1.2 per cent. in the all-items price index last month from 14.2 to 14.6 (January 15, 1974=100). The rise in the month maintains the rather larger increases which have been seen throughout the last three months compared

with the third quarter of the year.

As well as seasonal food items, the general index reflected rises in petrol and oil prices following the increases introduced by 20p (also accounting for some 30 per cent. of the overall rise), and higher prices for bread, meat, beer, cigarettes and gas.

In the coming months, it is hoped that the rate of inflation will drop further. Immediately there will continue to be some effect of seasonal food price increases, though this month's sharp drop in egg prices will help to offset other increases. Rises expected include the final stage of higher gas prices as well as increased costs for smokeless fuels, newspapers and car insurance.

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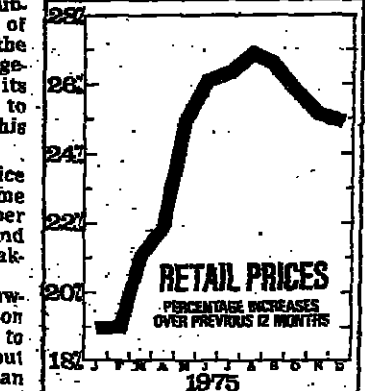
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## Mixed reception for new anti-smoking measures

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

NEW MEASURES to control smoking announced by Dr. David Owen, Minister for Health, were warmly welcomed as "an important breakthrough" by the anti-smoking organisations last night, even though the Minister had clearly given some priority to the tobacco companies to get their continued voluntary co-operation.

Even so, three companies—Gallagher, the American Brands subsidiary with 28 per cent. of the market, British-American Tobacco, the group which sells most of its products outside Britain, and Philip Morris, another U.S.-controlled company—found it impossible to give their agreement to the part statutory, part-voluntary arrangements.

Perhaps the most important of the proposed new measures is that the Government is to introduce legislation to bring tobacco substitutes and additives under the Medicines Act.

Both the tobacco companies and the anti-smoking lobby see the move as the "thin end of the wedge," opening up the way for

further statutory control of smoking. And it is on this point that the three companies have dug in their heels.

They protest that the Medicines Act is an inappropriate way to control the industry should be given priority to the tobacco companies to get their continued voluntary co-operation.

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# The week in London and Trade figures underpin gilts

## New York Impressive leap

BY JAY PALMER NEW YORK, Jan

Equities inched back from a 1975-76 peak last night and this week the market has made very little overall progress. The leaders paused on Monday, and despite yesterday's relatively encouraging string of economic indicators — another point out in M.L.R. improved trade figures for December and a still fairly steady retail price index — the 30-Share index closed at 403.2, up 1.6 points on the week.

But the undertone remains firm. All three Actuaries indices hit new highs yesterday, and rises among FT quoted industrials were running well ahead of falls. At the same time

new issues have been selling like hot cakes. The Chancellor's letter of intent to the IMF — with its projections for the size of the Government borrowing requirement — briefly depressed the market in mid-week. But the trade figures helped put new life into gilts yesterday and overall it has been another encouraging week.

### Tanker financing

The problems of tanker finance shifted from Norway to the Mediterranean this week as international banks rallied to support the ailing shipping empire of Greek shipowner Mino Colocotronis. Hambros hit the headlines last summer over its involvement with the Norwegian owner Hilmar Reksten. This time it is the turn of Brandts, a subsidiary of Grindlays Bank. Back in May, Grindlays drew attention to its subsidiary's concentration on the shipping markets of Greece, the Far East and North America and consequent lack of involvement in the current problems of tanker finance; it now emerges that Brandts has

arranged some portion of Colocotronis' loan liabilities which total \$330m.

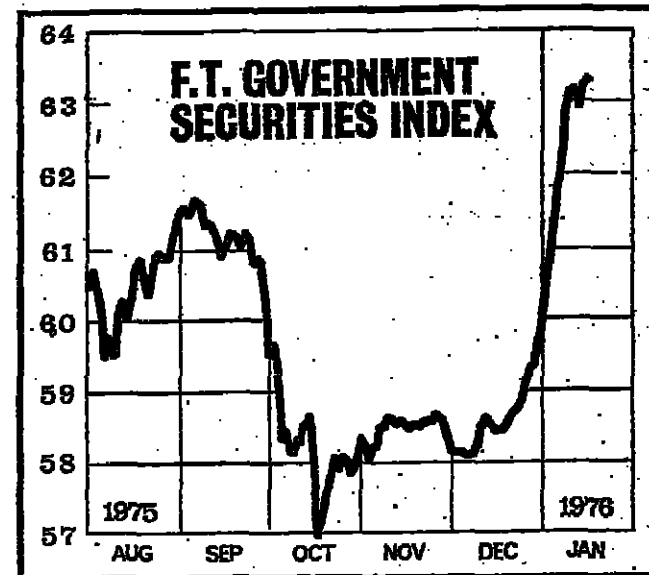
The central problems for the bankers are those of loan security, owners cash flow and the delay before any return in tanker fortunes. About 15 per cent of the world fleet is laid up at the moment, compared with 2 per cent a year ago, although one broker estimates that a more realistic measure of oversupply would be up to 50 per cent of the world fleet if slow-steaming is taken into account. So, whereas two years ago bankers would have been extending loans on the basis of \$200 per ton new-building costs, current second hand values are in the \$50-60 per ton range. In the absence of any increase in the rate of order cancellations and scrapping, equilibrium may not return for several years.

Assuming that the proposals for rescheduling Colocotronis' debt go through, mainly in the form of a moratorium on principal repayments, the banks must simply sit tight. Grindlays at least, foresees no problems on its shipping loans. But since

mid-November this market has risen by 7 per cent, whereas Grindlays share price has fallen by 12½ per cent to 35p — one of the worst performances.

### English China surprises

The major surprise of the week came from English China Clays: at the half-year stage in June, the group was talking about profits "much less" than in 1973-74. The highest figure most outsiders were projecting was £11m, or so pre-tax in view of a 33 per cent fall in U.K. clay volume for the second half and a 22 per cent decline for the year as a whole. In the event, profits were £16.6m, against £19.1m, and the shares jumped 11p to 82p on Thursday with a further 7p rise yesterday. The explanation for this apparently rather paradoxical result lies partly in the impact of price rises — 15 per cent for exports in January 1975 and 12 per cent in the U.K. last April — coupled with the impact of sterling depreciation on the three quarters of clay turnover which is exported. The good



summer weather helped the clay slide as well as the building and quarries divisions: the latter held up very well, increasing their profits by 18 per cent to £6m last year.

Clay volume so far in 1975-76 is down compared with a strong first quarter of last year and paper industry demand is only expected to recover gradually. But the industry figures indicate that production on a monthly basis has increased slightly and prices have been further increased — by 10 per cent in the U.K. in October and 7 to 8 per cent overseas in January. Hence what the group might be able to achieve in a strong year for volume may put the group on the premium share rating to the market it has enjoyed in the past after a period of marked price weakness since last summer.

### Brokers bump along the bottom

This week sees the insurance brokers in the bottom half of our monthly performance chart for the third consecutive time. Hogg Robinson has shown some buoyancy following Monday's interim result (39 per cent pre-tax growth) but in general the sector has marked time in share price terms having performed strongly through most of 1975. Broking capacity around the world is starting to tighten, inflation rates are coming down and — at this stage at least — sterling is not about to repeat the extreme weakness shown last year. The industry expects its brokerage (over half of which arises outside the U.K.) to stay in a solid uptrend through 1976. But competition is getting a lot keener, and the sector

is going to find it hard to make margin; getting bigger may be one way round this particular problem. And Alexander Howden — which last month acquired Halford Sheard — is once again in merger talks, this time with the unquoted Morris Turner and Beck, Halford cost £12.3m in shares, and is that figure is any guide to the actual terms for M.T.B. Howden could be about to increase recent bid spending to over £18m, or very nearly 30 per cent of its pre-Halford market capitalisation.

Howden's 1975 profit projection (at least £10m, pre-tax) could be distinctly conservative. In fact the group, cum Halford, is probably selling on a 1975 multiple of around 13. This is slightly up on Hogg's 1975 p/e but still three points below the historic average for the sector.

Dividend scares Guthrie caught the market on the hop with an interim statement that at one time this week had the shares lower by nearly 15 per cent. But the statement was not all gloom. Profits for 1975 are going to be sharply lower, and given a fairly acute ACT problem the interim dividend is cut from an effective 5p to 3p net. But true to swings and roundabouts form, Guthrie's plantations earnings are now recovering and helped by loss elimination in Canada and parts of Europe, 1976 is going to prove a year of substantial profits growth. Thus this week's dividend scare may be a bit overdone. This year Guthrie could emerge with well over £13m, pre-tax under its belt, against maybe little more than £7m and £9.3m for 1974. That would provide earnings of around 26m, where as group dividend costs in 1974 were £4.3m, including full ACT.

Onlooker

Within the Dow Jones index, for example, by away the sharpest gain has been concentrated among individual stocks which lagging behind the big blue chip companies in its noteworthy that only few feature as leaders. Over any longer time there can be few at that Wall Street is undervalued. At the 1968, the index hit 95 then company earnings moved well ahead of the market, adjusted for a comparable level of now would be closing. Now no one is trying to level the index to any level that this is a level the Dow would reach to be at that of gross over-valuation.

Day Close 927.39  
Monday 912.94  
Tuesday 929.63  
Wednesday 924.57  
Thursday 929.63

TOP PERFORMING SECTORS IN FOUR WEEKS FROM DEC. 18	
	% Rise
Property	+19.1
Hire Purchase	+15.4
Discount Houses	+12.4
Textiles	+12.3
Insurance (Life)	+12.1
Stores	+11.8
All-Share Index	+9.0

THE WORST PERFORMERS	
	% Fall
Toys & Games	-2.4
Food Manufacturing	-1.4
Banks	-1.4
Oils	-1.4
Insurance (Brokers)	-1.4
Food Retailing	-1.4

Wall Street is experiencing unprecedented levels of dealing volume as the 1976 election year gets under way against a background of declining interest rates. The Dow Jones has now risen by close on a tenth in just nine trading sessions. And at home the authorities have this week been making it abundantly clear that they wish to see interest rates held down.

M.L.R. has now fallen a full point in four weeks, while on Thursday the Bank of England stepped in to ease any short-term pressures on the money markets by temporarily releasing 1 per cent of special deposits (worth £325m.). With this assistance short-term rates may have started to move higher, with massive gilt sales coming at a time of high seasonal tax payments. Not surprisingly, the gilt market's two

### MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1975/6	1975/6	
	Week	High	Low		
F.T. Ind. Ord. Index	403.2	+1.6	403.3	146.0	Steady with help of firm Gilts
F.T. Gold Mines Index	209.8	-18.1	442.3	209.8	Sharp fall in bullion price
Treasury 10½% 1978	£99.1	+1	£100.4	£96	Lower interest rate trends
Allen Harvey & Ross	480	+55	480	190	In sympathy with Gilts
BP	588	-27	615	190	Adverse Alaskan reports
Coronation Syndicate	130	-35	345	130	Poor December quarter results
Denbyware	140	+14	145	42	First half profits advance
English China Clays	89	+164	89	35	Results better than expected
Fluidrive	45	+16	45	14	Record profits
Hickson and Welch	322	+18	322	100	Preliminary results
Indonesia Consolidated	12	+4	15	5	Bad discussions with Bowater
International Timber	94	-10	104	34	Disappointing int. report
Ley's Foundries	51	+13	51	17	Excellent results
Melody Mills	57	+17	57	24	First-half profits upsurge
News International	155	+19	155	41	Renewed demand
Pancontinental	£101	+117½	£101	220	Uranium export hopes
Penard	204	+9	204	5	Mr. Tony Morgan apptd. chief exec.
Vesper-Thermocraft	82	+14	105	52½	Record profits
Weyburn Engineering	518	+38	518	62	Bonus "Rights" issue/record profits
Wigfall (Henry)	209	+31	212	40	Press comment on bid possibility

## Mining

# Getting more from less

BY KENNETH MARSTON, MINING EDITOR

NOT SURPRISINGLY, the generally higher working profits announced this week by South Africa's gold mines for the final quarter of 1975 have cut little ice in a sharemarket unnerved by a further fall in the gold price to under \$130 per ounce. The latter is now back to its late-September level while the Gold Mines index stands at a two-year low.

Gold shareholders have to take what comfort they can from the fact that if the bullion price can hold at around the current levels, and this is by no means certain, then most of the mines can still make very satisfactory profits. The major factor helping them in the past quarter has been the impact of South Africa's devaluation in September which has boosted their revenue in terms of rands.

Union Corporation's mines, for example, received an average of about \$134 per ounce for their gold in the December quarter compared with \$152 in the previous three months. But the new exchange rate means that they obtained the equivalent of R118 per ounce in the latest period compared with only R108 per ounce previously at the old rate, despite a higher dollar price then.

The Anglo American group's Orange Free State mines, however, have reported lower profits for the past quarter as this week's table shows. The answer is simply that, owing to the timing of sales, these mines received an exceptionally high dollar price of gold in the September quarter and, in the evening-out process, they have received a lower than average price in the December quarter. Free State Gold's latest average was only \$117 compared with \$175 in the September quarter.

From Harmony has come a reminder that many of the gold mines have an attractive earnings potential from their uranium by-product. This mine has made a working profit of R21.8m. from uranium pyrite and sulphuric acid in the past quarter (there was a working loss from this source in the previous three months) which has brought the total working surplus to R39.4m.

The market for uranium has quietly undergone a great change for the better in recent times. A year or so ago the producers were happy to secure sales contracts based on prices of around \$8 per pound of uranium oxide whereas 1 year

per pound and still rising. This new prosperity has not yet made much impact on many mines because they are still working through the old low-price contracts. But it is worth bearing in mind that the South African gold-uranium producers have been negotiating better prices for some of their existing uranium contracts and eventually their income from this source can be expected to jump. The mines which could benefit substantially from the uranium revival include Buffels, Harmony, Hartbeest, and Randfontein. Those with a lesser, but still useful, potential include Free State Gold, President Brand, President Steyn, Southvaal, Welkom, Western Deep and Western Holdings.

### Lucky Palabora

Last year this column repeatedly raved about the point that base metals were cheap by any standards and that when the anticipated world recovery began to get up steam these prices would lift off strongly from their present barely economic levels. Now that it has become fashionable to recommend base-metal shares for the recovery that will surely come, it is pleasing to note that one mine is doing remarkably well at current price levels.

It is the Rio Tinto-Zinc group's Palabora copper mine in South Africa. Palabora has been a lucky mine from the start in February, 1966. Helped by a recovery in the metal price coupled with the operating wizardry of Ed Hunt, this low-grade deposit containing less than 1 per cent copper provided profits and a dividend within only eight months. The luck holds. Palabora has the enviable advantage of low Venterspost costs, and as this week's figures have shown, it is having to draw upon stocks in order to meet a domestic demand which has been boosted by the electrification of South African Railways. Meanwhile it is pressing on with a programme designed to raise annual production capacity by 30,000 tonnes to 125,000 tonnes in 1977.

Naturally enough, the mine's profits have fallen from the buoyant levels of 1974 when four quarterly dividends totalling 120 cents were paid. A 12½ cent quarterly rate has been maintained for the first three quarters of 1975 and the year's final declaration is due shortly. The shares will probably move

forward this year, but for U.K. holders who shy from the dollar premium, there is still a good deal to be said for a purchase of those in the U.K. parent, RTZ.

Also popular in investment circles are De Beers. Hopes for a good earnings performance by the South African diamond giant in the current year have been strengthened by the further recovery seen in the demand for diamonds in the second half of last year. The Central Selling Organisation, which handles sales of rough gem and industrial diamonds on behalf of De Beers and other world producers, has announced that second half sales have improved to R438.4m., making a 1975 total of R793.5m., compared with R349.1m. in 1974.

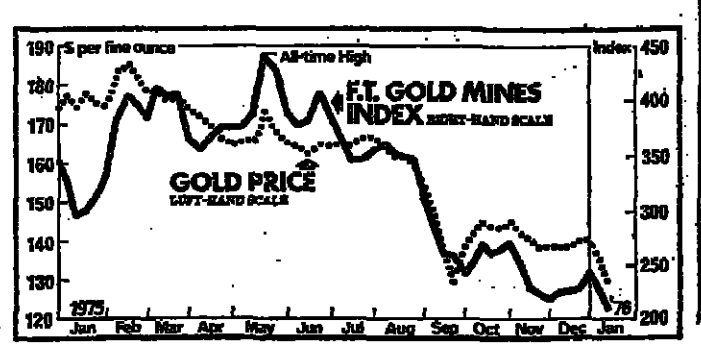
The CSO figure may well sur-

pass the 1974 level in the current year, given a continued world economic recovery which should be led by the main diamond sales areas: the U.S., Japan and West Germany. Sales of small gems continue to go well while there are hopes that some of the larger stones will improve.

At the same time there will be the benefits of an overall price increase of 3 per cent which becomes effective from January 1976. De Beers' revenue will also reflect the devaluation of the rand which it should be remembered that the shares tend to be dominated by Wall Street which is looking ever, a close eye should be kept on developments in the worrying African political situation.

### GOLD MINE WORKING PROFITS

	Dec. quarter	Sept. quarter	June quarter	March quarter
Anglo American	20,000	14,548	15,724	17,758
Anglovaal	4,499	4,451	4,611	4,728
Buffelsfontein	13,024	9,841	12,753	11,887
De Beers	5,573	5,533	5,888	6,097
De Beers Deep	2,285	1,181	1,492	767
E. Dargafontein	2,232	740	489	83
E. Driefontein	20,094	15,005	15,872	12,737
E. Rand Pty.	324	407	1,523	1,548
E. Transvaal	741	541	787	928
F. S. Geduld	18,976	27,718	25,818	26,579
Grootvlei	1,285	892	1,246	1,674
Harmony	9,467	6,555	12,877	14,183
Hartbeest	18,025	15,021	12,528	20,189
Kloof	6,597	5,598	6,231	6,588
Leslie	1,818	1,445	1,833	2,613
Libanon	4,800	3,528	3,884	4,530
Lorraine	953	723	699	2,008
Marvale	1,240	1,029	1,820	1,643
President Brand	20,023	29,401	21,166	23,728
President Steyn	6,239	14,927	12,360	15,285
Randfontein	7,223	8,716	6,911	6,299
St. Helena	17,038	15,367	17,153	16,946
S. African Ind.	971	128	197	440
S. Roddepoort	2,023	431	393	29
Stifffontein	2,023	970	1,834	3,367
Vaal Reef	30,278	27,653	24,782	18,576
Venterspost	2,114	998	632	850
Welkom	1,700	4,240	2,141	527
W. Driefontein	42,692	38,431	44,855	44,667
W. Rand Consolid.	4,112	1,570	1,101	350
Western Deep	7,081	7,208	7,523	9,678
Western Deep	32,445	29,900	27,254	23,073
Western Holdings	20,440	27,008	26,845	29,101
Winkfontein	9,195	5,113	5,468	8,720



## TV Radio

† Indicates programme in black and white

### BBC 1

9.00 a.m. Bagpuss. 9.15 Jeanette. 9.25 Whirlbirds. 10.00 Play. 10.25 On the Move. 10.35 Bewitched. 11.00 The Little House on the Prairie. 11.50 Laurel and Hardy. 12.00 "Our First Mistake". 12.10 p.m. Weather. 12.15 p.m. Grandstand: Football Focus (12.20). Racing from Ascot (12.30). 1.25 a.m. Hockey (1.10). Rugby Union (2.20, 4.00) England v. Wales, Ireland v. Australia; 4.40 Final Score. 5.00 Walt Disney's The Mouse Factory. 5.40 Sport/Regional News. 5.45 Dr. Who. 6.10 a.m. And Friends. 6.45 Saturday Night at the Movies: "Charade", starring Cary Grant and Audrey Hepburn. 8.35 Look-Mike Yarwood. 9.05 Kojak. 9.55 News. 10.05 Match of the Day Special. 10.15 a.m. News and Weather for Wales—9.35-10.00 a.m. Telfant. 10.05-10.25 a.m. News and Weather for Scotland. 10.25-11.05 Sportsweek Special. 11.25 a.m. Scottish News Summary. 11.30-11.45 Ireland—2.30-4.00 p.m. Rugby: Ireland v. Australia. 4.00-4.40 Rugby: England v. Wales (highlights). 4.55-5.05 Scoreboard.

### BBC 2

12.05 p.m. Saturday Cinema: "Folly to Be Wise", starring Richard Attenborough. 4.35 Play Away. 5.05 The Money Programme. 5.50 Westminster. 6.20 Network. 6.30 News and Sport. 7.05 Rugby Special. 8.00 How Green Was My Valley. 8.30 Caravaggio: the story of his life and career. 10.05 Centre 2. 10.25 The First Picture Show. 11.05 Maria Muldaur and her group in concert. 11.40 News on 2. 11.45 Midnight Movie: "Waterhole 3", starring James Coburn. 12.00 a.m. Angling To-day. 9.25 Parents' Day. 9.50 The Beachcombers. 10.20 The Count of Monte Cristo. 10.45 Junior Police Five. 11.00 Run, Joe, Run! 11.30 Centre 2. 12.30 p.m. World of Sport: 12.35 National Sports Special (part 1). World Cup Soccer: England v. Scotland. 1.25 p.m. News from TITN. 1.50 p.m. TV. 2.00-2.30 and 3.00 from Warwick; 1.45, 2.15 and 2.45 from Newcastle; 3.10 International Sports Special (part 2)—Weightlifting from Gettyburg, Pennsylvania; 3.50 Half-time Round-up; 4.00 News; 4.50 Results. 5.05 News from TITN. 5.15 Return to the Planet of the Apes.

### LONDON

9.00 a.m. Angling To-day. 9.25 Parents' Day. 9.50 The Beachcombers. 10.20 The Count of Monte Cristo. 10.45 Junior Police Five. 11.00 Run, Joe, Run! 11.30 Centre 2. 12.30 p.m. World of Sport: 12.35 National Sports Special (part 1). World Cup Soccer: England v. Scotland. 1.25 p.m. News from TITN. 1.50 p.m. TV. 2.00-2.30 and 3.00 from Warwick; 1.45, 2.15 and 2.45 from Newcastle; 3.10 International Sports Special (part 2)—Weightlifting from Gettyburg, Pennsylvania; 3.50 Half-time Round-up; 4.00 News; 4.50 Results. 5.05 News from TITN. 5.15 Return to the Planet of the Apes.

### RADIO 1

247m. (S) Stereophonic broadcast. 6.00 a.m. As Radio 2. 8.05 Ed Stewart (S) (also on VHF) with Junior Chicks, including 8.55 Headline Sports. 10.00 Rock. 1.00 p.m. Status Quo's Top Twelve (S) (also on VHF). 2.00 Alan Freeman (S) (also on VHF). 5.00 Peter Gambaccini (S) (also on VHF). 6.30 In Concert (S) (also on VHF). 7.30-12.30 News. As Radio 2. 1.50m and VHF. 6.00 a.m. News Summary. 6.02 Tom Edwards (S). 8.05 Racing Bulletin. 8.06 As Radio 1. 10.02 Charlie Chester with your Sunday Show (S). 10.05-10.25 p.m. Two's Company (S). 10.25-10.40 Castle (series) in Castle's on the Air (1.00 only, also 20m Scotland VHF). 1.00-1.15 a.m. Sports on 1. 1.15-1.30 p.m. Scotland VHF. 1.30-1.45 p.m. Scotland VHF. 1.45-2.00 p.m. Scotland VHF. 2.00-2.15 p.m. Scotland VHF. 2.15-2.30 p.m. Scotland VHF. 2.30-2.45 p.m. Scotland VHF. 2.45-3.00 p.m. Scotland VHF. 3.00-3.15 p.m. Scotland VHF. 3.15-3.30 p.m. Scotland VHF. 3.30-3.45 p.m. Scotland VHF. 3.45-4.00 p.m. Scotland VHF. 4.00-4.15 p.m. Scotland VHF. 4.15-4.30 p.m. Scotland VHF. 4.30-4.45 p.m. Scotland VHF. 4.45-5.00 p.m. Scotland VHF. 5.00-5.15 p.m. Scotland VHF. 5.15-5.30 p.m. Scotland VHF. 5.30-5.45 p.m. Scotland VHF. 5.45-6.00 p.m. Scotland VHF. 6.00-6.15 p.m. Scotland VHF. 6.15-6.30 p.m. Scotland VHF. 6.30-6.45 p.m. Scotland VHF. 6.45-7.00 p.m. Scotland VHF. 7.00-7.15 p.m. Scotland VHF. 7.15-7.30 p.m. Scotland VHF. 7.30-7.45 p.m. Scotland VHF. 7.45-8.00 p.m. Scotland VHF. 8.00-8.15 p.m. Scotland VHF. 8.15-8.30 p.m. Scotland VHF. 8.30-8.45 p.m. Scotland VHF. 8.45-9.00 p.m. Scotland VHF. 9.00-9.15 p.m. Scotland VHF. 9.15-9.30 p.m. Scotland VHF. 9.30-9.45 p.m. Scotland VHF. 9.45-10.00 p.m. Scotland VHF. 10.00-10.15 p.m. Scotland VHF. 10.15-10.30 p.m. Scotland VHF. 10.30-10.45 p.m. Scotland VHF. 10.45-11.00 p.m. Scotland VHF. 11.00-11.15 p.m. Scotland VHF. 11.15-11.30 p.m. Scotland VHF. 11.30-11.45 p.m. Scotland VHF. 11.45-12.00 p.m. Scotland VHF. 12.00-12.15 p.m. Scotland VHF. 12.15-12.30 p.m. Scotland VHF. 12.30-12.45 p.m. Scotland VHF. 12.45-1.00 p.m. Scotland VHF. 1.00-1.15 p.m. Scotland VHF. 1.15-1.30 p.m. Scotland VHF. 1.30-1.45 p.m. Scotland VHF. 1.45-2.00 p.m. Scotland VHF. 2.00-2.15 p.m. Scotland VHF. 2.15-2.30 p.m. Scotland VHF. 2.30-2.45 p.m. Scotland VHF. 2.45-3.00 p.m. Scotland VHF. 3.00-3.15 p.m. Scotland VHF. 3.15-3.30 p.m. Scotland VHF. 3.30-3.45 p.m. Scotland VHF. 3.45-4.00 p.m. Scotland VHF. 4.00-4.15 p.m. Scotland VHF. 4.15-4.30 p.m. Scotland VHF. 4.30-4.45 p.m. Scotland VHF. 4.45-5.00 p.m. Scotland VHF. 5.00-5.15 p.m. Scotland VHF. 5.15-5.30 p.m. Scotland VHF. 5.30-5.45 p.m. Scotland VHF. 5.45-6.00 p.m. Scotland VHF. 6.00-6.15 p.m. Scotland VHF. 6.15-6.30 p.m. Scotland VHF. 6.30-6.45 p.m. Scotland VHF. 6.45-7.00 p.m. Scotland VHF. 7.00-7.15 p.m. Scotland VHF. 7.15-7.30 p.m. Scotland VHF. 7.30-7.45 p.m. Scotland VHF. 7.45-8.00 p.m. Scotland VHF. 8.00-8.15 p.m. Scotland VHF. 8.15-8.30 p.m. Scotland VHF. 8.30-8.45 p.m. Scotland VHF. 8.45-9.00 p.m. Scotland VHF. 9.00-



# Your savings and investments

## Conflicts of interest

BY CHRISTOPHER HILL

RENT REPORTS that Slater who was reluctant to be named had bought SWS shares its unit trusts from last year onwards were eventually sold in that it appeared that purchases were made in the course of business and not case constituted only per cent of the total unit funds managed—a lower portion than was the case other banks which ran unit groups. But it did raise the question of whether unit trusts should invest in the shares of management companies and associated companies whether this is undesirable view of possible conflict of interest.

is an old chestnut and I remember being asked by Slater in 1967 what I thought about the propriety of buying SWS shares in a unit portfolio. This was when I was about to make a decision of the Ivan unit (now Slater Walker & Co) and he felt that his shares were good for the view of their growth prospects. My view at that time was that there was bound to be conflict of interest eventually as share price went up and that it seemed unnecessary to go for one's own shares when there were shares of others to choose. Around that time the unit trusts were often targets for flak concerning conflicts of interest.

thing has happened to my views since, rather the reverse, but the weakness of the argument against incestuous investment practices is that of the illustrious names banking circles go in for. It also seems to elicit little excitement in trustee association debates. Tim Drax, chairman of the Association of Unit Trust Managers said the Association has not got a as such, but reckoned that ing one's own shares in portfolios was undesirable constituted an important thing (which it can be if ad around a lot of trusts) was probably better advised to say. On the other hand, he said the individual investment manager had to retain his discretion and that the size of the holding was the deciding factor among the trustees, one —



trust interests presented the view I could most go along with among the participants in the incestuous practices. He said that they were well aware of possible embarrassment which might arise from inhouse holding.

cial sector, there were comparatively few blue chip, marketable shares. But as a straight choice between his own company's and another company's shares he would rather go for the other company.

I think that there is an interesting parallel between what is permitted to unit trusts and what life assurance companies are allowed to do. Whereas a company may allow a trust to buy its own shares, according to the Department of Trade, the same practice would be frowned on in the case of a life fund buying the life company's shares. The spokesman said guardedly that while there was nothing specific to stop it happening it is generally accepted that it would be forbidden.

Nobody likes more rules and regulations but I feel that it would be better if trusts did not buy the shares of companies in which the management have an involvement. The public's attitude to insider trading and incestuous deals has hardened considerably in recent years and while the gods of the investment world like merchant banks allow themselves a certain discretion in this direction there is nothing to stop those lower down the scale taking it a lot further.

## The post-stamp era

THIS WEEK the National Savings Committee held a Press conference to prepare the way for a campaign promoting National Savings, the "main drive" of which will be the voluntary workers. With the removal of the National Savings Stamp, the volunteers now seem to have lost the focal point of their role (whatever its advantages were to the saver) and the concentration now looks to be on educating people to save and explaining National Savings products—like the new index-linked schemes.

In fact, National Savings is not uncompetitive with the rest of the savings field with its cash, rent products—especially new

that escalating tax rates have drawn higher rate tax payers' attention to the tax-free advantages of National Savings Certificates and the 6 per cent. fall back withdrawal provision of the index-linked SAVE scheme. There is no point in overdoing this aspect, but on the educational information front I feel that it would be helpful if the National Savings Department—which issues the statistics—did some calculations each month to show how much the index-linked retirement certificates were worth. Up to the end of the first year the changes are national, but certainly figures could be issued subsequent to that date which would be meaningful to the investor and should receive wide publicity. One

might hazard a guess that the average pensioner would find some difficulty in relating monthly movements in the RPI to his holdings and that sooner or later the sub-postmasters are going to be asked a lot of questions on this score.

With National Savings' competitors in mind, it was also interesting to see this week that the Save and Prosper group is trading up the minimum investment it will accept to £250. This is a big jump from the previous minimum of £50 but is apparently not so hefty as it looks. The average investment in the group's trusts is closer to £1,000 and the high cost of postage now makes it uneconomic to handle small accounts.

## The way ahead in gilts

BY ERIC SHORT

THE GILT market over the past three weeks has been in a state of constant euphoria with the Financial Times Government Securities index steadily climbing over the period. This is good news for those investors who bought stock in 1974 when the market was at its historical low. Their problem, now that they are out of the capital gains tax zone, is whether to sell and take the profit available or hold on for further rises.

Other investors attracted to the gilt market by the current rise may well wonder if they have missed the boat. But they have to take the same view as current gilt holders as to whether the market will continue to rise. In this respect an understanding of the causes of the present rise is essential.

The two main factors influencing the present buoyancy are the steady fall in the U.S. interest rates and the initial success of the Government's anti-inflation measures. The U.S. prime rates have been cut recently and further reductions are expected shortly. The 10 per week limit on wage increases is being adhered to because the unions have supported the Government's proposals.

Investors have basically to decide first whether this downward movement in U.S. interest rates will be sustained thereby putting pressure on U.K. rates also to go lower. Secondly, they need to assess whether the Government will continue to take sufficient action for the second phase of its anti-inflation measures.

The gilt experts consider that the second half of the year will be much more testing for U.S. interest rates. Some offer the opinion that they could move back up again and U.K. rates, at least at the short end, need coming, but added that in any event an adverse decision would incur the company in no additional tax liability.

This is because 1974 was not a fruitful year for capital gains but investors should remember that if an investment trust loses its approved status it will have a decided effect unless it gets it back quickly. The reason for this is that corporate tax is charged on the capital gains of an investment trust which for 1976.

the gilt market still holds income attractions for investors despite the recent fall. A gross return of 14 per cent is still obtainable on two undated stocks — Treasury 2½ per cent. and Treasury 3 per cent. 1986. A leading company, Royal Insurance, has reduced its rates this week, while another company, Hill, has increased its rates. Samuel Life, is making a substantial reduction from Monday. Other leading company actuaries tell me that they are watching the position very closely, often a euphemism for a cut coming very soon. Interested investors should act quickly, because annuity rates are likely to go lower over the next couple of months.

	YIELD %
Nat. Savings Certificates	7.6
British Savings Bonds	9.5
Building Society Shares	7.0
Treasury 9% 1980	11.4
Treasury 2½%	14.1
Local Auth. Yearling Bds.	10.4

## A case of approval

BY CHRISTOPHER HILL

TOWARDS THE end of last year the Jardine Japan investment trust issued a statement that it was having an argument with the Revenue about whether the company should be approved for investment trust status following the submission of the 1974 accounts. The trust said that it was contesting the Revenue's indications that its status.

But it is not as bad as all that in most cases for, if the trust gets back its approved status in the following year, the amount of credit which the shareholder loses is limited to the period of loss of approval and is apportioned to that basis. And Jardine Japan looks to be in the clear for 1976 in any case.

The interesting point is that there are a number of reasons for the concession to be continued despite the fact that the loss of its approved status, the most important of which for 1976.

last year was the difficulty some funds had in keeping their liquidity in the right proportion. Investment trusts are supposed to derive their income "wholly or mainly" from shares or securities. The normal interpretation of this is that 70 per cent. of the fund should be invested but this was adjusted by Revenue consent to 50 per cent. for a two-year period. The definition of securities also stretches to cover gilts, local authority loans and Treasury Bills.

But even so some specialised funds found it hard to comply and the concession is only operative until April 1976. In the interests of keeping investment trusts as flexible as possible I would have thought it desirable for the concession to be continued despite the fact that the loss of its approved status, the most important of which for 1976.

But there are growing expectations of capital gains of an investment trust which for 1976.

# Why we believe the Save & Prosper Property Fund will maintain its successful record.

Since the Save & Prosper Property Fund was launched in March 1971 it has been one of the best performers, and has become one of Britain's largest property funds, presently valued at £25.1 million.

From the start our policy was to invest in the smaller type of prime property in carefully selected locations.

Our reasons for adopting this policy were twofold. First, we decided that prime property represented the best form of long-term

property investment. And secondly, we decided that in times of uncertainty, smaller properties would be better able than larger properties to retain their value as they were more marketable.

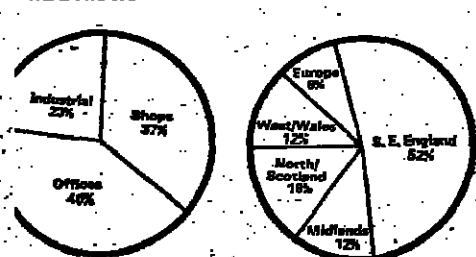
This policy has proved successful, for during the steady market conditions of 1971 to 1973 the value of the properties in our fund did in fact increase steadily, resulting in an increase of 30.9% in the offer price of units by January 1974. In 1974, when property values fell, the value of our

properties and the price of units fell significantly less than the property market in general. Since the beginning of 1975 the price of units has once again been rising.

For the future we believe that by following this policy of maintaining a highly selective portfolio of prime properties, the Save & Prosper Property Fund will be well placed to meet most market conditions. In particular, the fund is especially well suited to current market conditions, as explained below.

### The Current Portfolio

The Fund currently consists of 65 properties throughout Britain and continental Europe and is almost fully invested in property in the proportions shown below.



The Fund's main office holdings are in some of the larger provincial towns and cities such as Bristol, Guildford and Oxford — all areas experiencing significant growth and where the managers believe prospects for rent increases are good.

We did not purchase office properties in the City or the West End of London in belief that rents, at the rates then prevailing, were very vulnerable. This policy has been fully justified as lack of demand in last two years has led to substantially lower rents and capital values.

### Future Prospects

With the ending of the freeze on commercial rents early in 1975, much of the uncertainty in the property market was removed. Confidence in the long-term value of prime property as an investment has largely been restored with a resulting increase in investment in the property market. This has led to an increase in some property prices, although there are certain areas where the prospects remain uncertain.

A substantial proportion of our Fund is at present invested in properties which were let some years ago at fixed rents but with provision for rent reviews. Most of these properties have rent reviews coming up in the near future, and it is this type of property in particular which stands to benefit from the ending of rent controls. In all, 94% of our portfolio has rent reviews at five or seven year intervals, and this will be of considerable benefit to the Fund.

We believe that the Fund, with its broad geographical spread of smaller prime properties, is well structured for the current improved conditions and that it is in a position to take full advantage of new opportunities as they arise.

### Specialist Property Advisers

The Fund's managers are advised by Healey & Baker who specialise in shop, office and industrial property throughout the U.K. and Europe.

### Independent Valuers

The properties are independently valued at regular intervals by Cluttons, Chartered Surveyors.

### Past Performance

The offer price of units in the fund rose steadily from 100p in March 1971 to 130.9p in January 1974. However, following the decline in property values in 1974, the price of units fell to 103p in January 1975 but has since risen to its current price of 123.7p. While property should represent a relatively stable and worthwhile investment in the long-term, it is important to remember that the price of units will fluctuate, reflecting changes in the valuation of the assets.

4%—8% p.a.

### WITHDRAWAL FACILITY

When you invest £1,000 or more in a Bond, you may withdraw between 4% and 8% of your original investment each year.

Basic rate income tax payers will have no liability to this rate of tax on withdrawals of any amount.

Higher rate and additional rate tax payers may withdraw up to 5% of the original investment each year for the first twenty years without giving rise to any liability to these rates of tax during that period.

In using this facility you should bear in mind that the rate of withdrawal that exceeds the growth rate of your investment will result in a decline in capital values. For this reason you can vary your withdrawal rate or discontinue using it, subject to two months' notice.

Payments are made half-yearly on the last day of the month you select, the first payment being not less than two months after the purchase of your Bond.

### How to Invest

To purchase an Investment Bond linked to the Save & Prosper Property Fund, please complete and return the proposal form, together with your cheque. Units will be allocated at the price ruling on receipt of your proposal.

Before purchasing your Bond you may wish to consult your usual professional adviser—accountant, stockbroker, solicitor, bank manager or qualified insurance broker.

Professional advisers requiring further information should contact Save & Prosper Services Ltd. on 01-531 7601.

This is the company set up to provide information and guidance to advisers on how our services can help in all aspects of financial planning.

### Everything else you should know

Unit Pricing: The Property Fund is divided into units which are normally valued monthly, though more frequent valuations can be made if necessary. The offer price is the price at which units are allocated to your Bond and the bid price is that which determines the value of the units. The number of units allocated to your Bond will depend on the offer price ruling on the day you apply.

Age at death	Percentage of the bid value of your Bond payable on death
Up to 39	50%
40	55%
41	60%
42	65%
43	70%
44	75%
45	80%
46	85%
47	90%
48	95%
49	100%
50	100%
51	100%
52	100%
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89	100%
90	100%
91	100%
92	100%
93	100%
94	100%
95	100%
96	100%
97	100%
98	100%
99	100%
100	100%

A full table of rates is available on request. If you are in poor health when you purchase your Bond, we may have to quote you special terms, though the amount invested is not affected.

Changes: There is an initial management charge of 1% plus a rounding adjustment (not exceeding the lower of 1p or 1%) which is included in the offer price of units. There is also an annual charge of 1% of the value of the Fund to cover office and life insurance and administrative costs.

Current Tax Position: You have no personal liability to capital gains tax on this investment unless you are liable to tax on the disposal of assets in the United Kingdom. If you are liable to tax on the disposal of assets in the United Kingdom, you will have to pay tax on the capital gain arising from the disposal of your units. The tax will be payable on the disposal of your units, and will be payable on the disposal of your units, and will be payable on the disposal of your units.

Cashing in your Bond: You may cash in your Bond at any time and receive its full cash value. This is based on the bid price ruling on the day your units are cashed in. However, we reserve the right to delay payment or switching for a period not exceeding 14 days, in order to avoid having to sell properties at a disadvantage. This right, which has never been exercised, would only be used in exceptional circumstances.

**PROPOSAL FOR AN INVESTMENT BOND LINKED TO SAVE & PROSPER PROPERTY FUND**

SAVE & PROSPER INVESTMENT LIMITED 4 GREAT ST. HELENS LONDON EC3P 3EP TELEPHONE: 01-554 8899

Registered in England No. 322226. Registered office as above.

1. I wish to invest £ (minimum £250) in a Save & Prosper Investment Bond linked to the Save & Prosper Property Fund. I enclose my cheque for this amount made payable to Save & Prosper Investment Limited.

This offer is not available to residents of the Republic of Ireland. BLOCK CAPITALS PLEASE.

2. Name of Proposer in full Mr/Ms/Miss

First name(s) \_\_\_\_\_

Surname \_\_\_\_\_

3. Address \_\_\_\_\_

4. Date of birth \_\_\_\_\_

5. During the last three years have you suffered from any serious illness or undergone surgery? If yes, please give details and dates.

6. Name and address of your usual doctor.

I should like the first Withdrawal Facility payment to be made on the last day of the 1st month 197... (month) 197... (year) and half-yearly thereafter. (Not earlier than two months after the date of this application.)

I declare that I declare to the best of my knowledge and belief that I am in good health and that the answers to the foregoing questions are true and correct. I agree that this proposal, together with any statement signed in the presence of the Company's medical examiner, shall be the basis of the contract with Save & Prosper Investment Limited. I consent to the Company seeking medical information from any doctor who at any time has attended me, or seeking information from any life assurance office to which I have at any time made a proposal for life insurance, and I authorise the giving of such information.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Agent's Stamp \_\_\_\_\_

204/77/1

**SAVE & PROSPER GROUP**



# Finance and the family

## Becoming resident again

BY OUR LEGAL STAFF

My wife and I, after having lived for many years abroad, returned to England about a year ago. We have continued to operate an external account and bought certain foreign shares ex premium. If we decide to stay here and are re-designated U.K. residents, would this date from our return or from when we sought re-designation? What do we do about our foreign securities as regards an authorised depositary?

If you decided to become resident in the U.K. again, it appears that your re-designation would not be back-dated to your return to this country but would date from the day on which your application was accepted by the authorities. In this case, your foreign currency securities bought after your return but before re-designation would be given normal immigration treatment; they should be deposited with an authorised depositary and should qualify for the investment currency premium two years after the change in your status.

### Refusal of a loan

Although I have a good salary and am not financially embarrassed in any way, I have twice been refused a loan in the last year or two and am wondering whether some credit rating organisation has blacklisted me. Can I insist on being informed as to why my latest application has been rejected?

You have no right in law to insist on being given the reason for the refusal of a loan. You may, however, try to obtain the information by writing to your proposed lender (preferably to the Chairman or Managing Director), stating that you are not necessarily seeking to re-open your application but that you have reason to suspect that there is a wrongful attribution to you of a liability or judgment which affects your credit rating, and asking for the information in order that you may take steps to correct any misinformation which may have been entered against you.

### Resiting a garden shed

On November 15 you informed a reader, under the heading "Resiting a garden shed", that such action could not be undertaken without planning consent. As I want to move my shed, is it not the case that

within the garden of a house buildings other than dwellings incidental to the enjoyment of the house could be erected without consent and that this covered greenhouses and sheds up to 12 feet high with a pitched roof, or 10 feet otherwise?

The question which prompted your query arose in particular circumstances. You are quite correct in stating that a greenhouse or shed may be erected within the curtilage under Class 1(2) of the General Development Order. The height limit is now three metres or four metres with a ridged roof. You should be able to move your shed, as you state.

### Establishing a private lottery

Our local Football Club intend to start in January, 1976 a club in which each member may subscribe £1 per month, and at the end of each month there will be a draw for one prize of £100. In the months of March, June and September, 1976 the one prize will be £300 each month. In mid-December, 1976 there will be two draws with one prize of £250 for each draw.

The above may fall within the category of small lotteries, being merely incidental to certain entertainments, that is, football, and as such are exempt from the provisions of the Act. In view of the cash prizes do you think such a lottery would be exempt under the Act?

As the amount of the prizes is to exceed the limit under Section 1 of the Lotteries Act, 1963, you would have to make it a private lottery under Section 44 of that Act. You must adhere strictly to the conditions laid down in subsection 44(3) and also the club must be one established and conducted for purposes NOT connected with gaming, betting or lotteries, that is, you should not establish a separate club for the sole purpose of the lottery as indicated in your letter.

It will be appreciated that it was stated that the suggestion made in the reply in question was subject to the need to obtain full advice in relation to the particular circumstances. The point of severance is to separate the sources

## Work by degrees

LATE IN 1970 most of us in the university careers advisory services saw unmistakable signs that demand for graduates was going to be much smaller than during the whole of the previous decade. Many of us started uttering warnings.

At Cambridge, for example, I remember writing early in the year to tutors, suggesting they should urge their pupils to begin thinking early about their careers, and to look at a wider range of alternatives than new graduates had been accustomed to considering in the "fat" years. In January, as the recruiting season proper began, my colleagues and I sent a note to people on our books, giving the same message. Our aim was not to engender panic, but to counsel caution.

It was all of little avail. True, most of the tutors accepted the truth of our message, and passed it on, but the undergraduates themselves took little notice. And of course, given the circumstances that had prevailed for so long this was not at all surprising. Since the mid-1950s graduates had been in a seller's market.

By the summer of 1971, the fact which has made that particular academic year stand out in the employment mythology was horribly clear even to those whose enduring confidence that the pattern was not really changing had rendered them impervious to early warnings: many employers had stopped wanting graduates at all. There were dramatic cutbacks in recruitment, in some cases literally between one week and the next.

Among large industrial firms in particular the demand seemed satisfied at last. Inevitably, the belated recognition of the new truth came as an unpleasant shock to many, and the repercussions continued for several years.

They included the fact that graduates were put off the idea of working in industry. The figures published annually showing first destinations of graduates tell the story with all its consequences for industry, which for the past two or three years was unable to fill all its graduate vacancies with suitable applicants.

which existed in 1970-71, the effect which they are having on graduates and employers is utterly different. There have been important changes in attitude which need to be understood.

Predictions of likely demand for graduates in 1976 have just been made by four organisations which are deeply involved in aspects of graduate employment—the Standing Conference of University Appointments Services, the Central Services Unit, the Standing Conference of Employers of Graduates, and the Computer Assisted Placement Service. These indicate a much less gloomy situation than most members of the general public would have expected.

Vacancies for graduates in industry, for example, are being notified in quite large numbers, and some firms are looking for more people than usual. Nevertheless, no one can be unaware of the fact that there are serious employment problems nationally, and no final-year student, surely, can avoid hearing or reading some of the (often overstated) stories of unemployment or unemployable graduates which delight the anti-higher education lobby. No final-year student, therefore, is likely to feel that abundant and unquestioning confidence that his predecessors of four years ago felt, even when circumstances were turning against them.

Anxiety about finding jobs is indeed widespread. But unlike four years ago it is, so far as I can judge, a controlled and expected anxiety rather than a sudden burst of dismay. Students are responding rationally and carefully to the situation. They are planning rather than panicking.

Further training of various kinds. They are under no illusions about the chances of obtaining grants—and those who are planning to do academic research are under no illusions about the number of lectureships likely to arise in universities in the foreseeable future.

Many students, of course, are looking for jobs in 1976, and many of my employer friends report already large increases over last year in the number of applicants for their vacancies. If we are right in assuming that large employers, in industry and elsewhere, will continue in the long term to need a steady and continuing intake of graduates (and surely that is a reasonable assumption, if only because of the rising proportion of the population who now embark on higher education rather than enter employment as school leavers), what is happening in 1975-76 is of considerable significance.

Faced with uncertainty, graduates seem to be doing this year the things which we have advised them to do for years. They are starting to make their plans early. They are looking

tion 45 of the Betting, Gaming and Lotteries Act, 1963, you will have to make it a private lottery under Section 44 of that Act. You must adhere strictly to the conditions laid down in subsection 44(3) and also the club must be one established and conducted for purposes NOT connected with gaming, betting or lotteries, that is, you should not establish a separate club for the sole purpose of the lottery as indicated in your letter.

### Storage heaters as fixtures

Under Scots law, are storage heaters supplied by off-peak electricity regarded as fixtures? Whether an article can be removed from the house by the seller depends on whether it is a fixture or fitting. Fixtures are part of the heritable estate and are not included in a contract of sale of a house unless expressly included.

As to what is a fitting in the circumstances is a question of fact.

There have been many cases about which household articles come within which category, but these are generally older cases which were decided before storage heaters were invented.

However, such things as grates and gas fittings have been held to be moveable but electric wiring has been held to be a fixture.

Generally, the test is whether the article can be simply physically removed without damaging or altering the heritable estate. From that it would follow that a Court would most prob-

ably hold that the actual radiators were moveable, fittings which could be removed, while the wiring and junction boxes would be part of the heritable estate.

I have recently had some alterations, not repairs, carried out to my central heating system and find that VAT has been charged on the whole bill. Is it not correct that VAT is chargeable on repairs but not on alterations?

Although it is broadly true to say that VAT is chargeable on repairs but not on alterations, there is a grey area in which opinions may well differ as to which VAT falls into. It is understandable tempting for a firm to protect itself against a claim for VAT by adding 8 per cent to the bill in cases of doubt (as well, of course, as in cases where VAT is clearly payable). The distinction is harder to draw than one might reasonably expect, even after two years' experience of VAT in this country.

There is some guidance (and at least an indication of the puzzles) in VAT Notice 715, "Alterations, Repairs and Maintenance" which should be obtainable from your local Customs and Excise office, or from 39, Mark Lane, London, EC3R 7HE. Meanwhile, you could protect your interests by disputing the firm's right to add 8 per cent to the bill and insisting them to state the grounds upon which they defend it.

At a wide range of possibilities. They are not putting all their hopes in a small number of applications.

It is reasonable to suppose that this, quite widespread, attitude of graduates to well-publicised employment problems is a kind of delayed reaction to the efforts of employers, especially in manufacturing industry, in the period following the 1970-71 trough, to attract graduates once again.

There is always a time lag between stimulus and response, largely because attitudes of students are formed well before their final year. The wariness about industry of the years 1972 to 1975 reflected industry's sudden, and as it turned out temporary, disillusionment with graduates in 1970-71.

Now, the tide of response appears to be turning. If for any reason demand dried up again, there would probably be another long period of apathy or hostility; intellectual men and women simply will not accept a situation in which demand is turned on and off like a tap. The best hope of ensuring a steady supply of able people lies in maintaining a steady demand, and that is why the predictions for 1976, and the behaviour of students, which I have described, are encouraging not merely for 1976 but for the longer-term future.

University Graduates 1974: Some details of first destination and employment. SCUAS Statistics sub-committee and Central Services Unit for University and Polytechnic Careers Services.

W. P. KIRKMAN

### CHESS SOLUTIONS

Solution to Position No. 97. 1 RXP ch1 PxR: 2 Q-K5 ch. R-N2 (if K-R2: 3 R-B7 ch. R-N3; 4 Q-B5 mate); 3 R-B8 ch. K-R2; 4 Q-B5 ch. R-N3; 5 R-B7 ch. K-R1; 6 Q-K5 ch. K-N1; 7 Q-B5 mate.

Solution to Problem No. 97. 1 N-Q6 (waiting). If 1...Q-N3; 2 R-B1, or if Q-B3; 2 N-P2, or if Q-N3; 2 R-B3, or if Q elsewhere; 2 R-N5 or 2 N(Q6)-N7 accordingly, or if P-N2; 2 B-Q4, or if N moves; 2 N-R4, or if P-K4; 2 R-Q5.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

### Transfer into joint names

I am getting married soon and wish to transfer the (registered) title of my house in Lytham St. Anne into the names of myself and prospective wife as joint tenants. Can you tell me the simplest way of doing this? Can you recommend any useful book on the subject?

You can use a simple printed form (Form 19) as provided in the Land Registration Rules 1925, Appendix B, stating that "In consideration of my natural love and affection for (wife) I (EFT) hereby transfer to (joint tenants) my house at Lytham St. Anne. Forms can be obtained from H.M. Stationery Office, Brasenose Street, Manchester, or you may be able to obtain prints from Lytham District Land Registry. You may derive assistance from Ruoff's Concise Land Registration.

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# Insurance

## Storm and flood

BY JOHN PHILIP

LAST WEEK I sought to allay some of the fears that some policyholders might have concerning the effect of underinsurance on their household damage claims arising out of the new year storms. But having got underinsurance, so to speak, out of the way, there are a number of aspects of storm damage claims that may worry the potential claimant who, perhaps for the first time, is getting down to a careful scrutiny of his household policy.

Unless it is one of the relatively few that provide "all risks" cover the household policy will detail the perils that are covered. Look at almost any household policy and you will see two phrases, "storm and flood" and "subsidence and landslip," against which cover is provided. But the extent of this cover differs, depending on whether you are claiming under your "contents" or "buildings" insurance, while in the normal "buildings" policy there are different financial limits to "storm and flood" claims on the one hand and "subsidence and landslip" claims on the other.

Taking "contents" cover first, insurers do not normally differ in the extent of the perils storm, flood, subsidence or landslip in handling claims for possessions lost or damaged in the home, or in the surrounding buildings—garages, garden, sheds, summerhouses, greenhouses and the like. Subject to the adequacy of the "contents" sum insured, and to the basis on which insurers have contracted to pay (an increasing number are providing new for old by not making any adjustment for wear and tear on a whole range of consumer durables) the policyholder should be paid in full.

This would apply whether his possessions have, say, got washed away through the doors and windows, or have fallen down the cliff onto the beach and been smashed to pieces.

The owner occupier has to claim for damage to decorations, in parallel with any more substantial claim that he may have for repair to the fabric of his home, under his "buildings" insurance. But the tenant occupier is usually insured for decorations under his "contents" policy: wordings vary, but he will probably have to bear the first £15 of any claim himself.

Under most "buildings" insurances, insurers provide "storm and flood" cover subject to an "excess" of similar extent. Having regard to present day monetary values this £15 the smaller claim himself, often excess is, I think, more of an irritant to the policyholder

when he is in trouble and claiming than a protection to say 3 per cent. Additionally, insurers (as it first was designed to be) against small but for walls, paths, terraces, otherwise might come their way. But some insurers do not impose storm and flood excesses while others are prepared to provide full cover on payment of extra premium—usually £2 or so.

Incidentally, by definition buildings almost always include fences and walls, and, if they include terraces, drives and footpaths—in fact anything made: some insurers include swimming pools and other similar constructions within their definitions. However, most insurers positively exclude "storm and flood" damage to fences and gates, and are not prepared to allow the policyholder to buy back the cover.

The result is that most insurers will pay for the repair to a brick or concrete wall, apart from the first £15, but not for the repair to a wooden fence, however sturdy its construction.

"Subsidence and landslip" cover has been generally included in household buildings insurances only in recent years, and insurers are now just beginning to evaluate the real cost of what was at one time thought to be an inexpensive supplementary benefit. Under the subsidence section of his policy the householders usually has to bear the smaller claim himself, often excess is, I think, more of an irritant to the policyholder

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Each case of course must on its own facts, and it happens that the effects of storm or flood are not limited to the subsidence of the building itself, but may also affect the chain of causation: if the subsidence is the result of a storm claim, the insurer should treat the claim as a storm claim. But longer the lapse of time less likely is it that storm subsidence are connected and therefore the more is it that the policyholder have to pay his per cent excess under the subsidence.

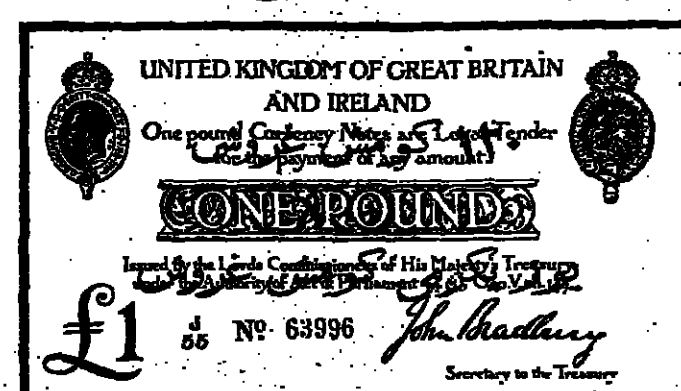
### Coins

SIGNIFICANT of their diversification into fields other than stamps is the appearance of two new catalogues published by Stanley Gibbons, dealing respectively with Scottish banknotes and the paper money of the Treasury and the Bank of England. English Paper Money (£2.50) by Vincent Dugdaley is a detailed priced catalogue of all Bank of England issues and Treasury notes from 1694 to the present day.

Of course, the earliest notes are of such great rarity that pricing is impossible and for all practical purposes the English numismatist has to limit his ambitions to the issues from the late 18th century.

The first 100 years of the Bank of England present a sorry tale of the suspension of specie payments, near collapse in the wake of the South Sea Bubble scandal and the two Jacobite rebellions and periodic crises. The earliest notes were entirely hand-written on ordinary paper—a factor which tended to encourage forgery. The first partially printed notes appeared in 1695, and Bank of England £1 notes—so long a feature of Bank of England notes—was added as a security device. Later refinements were the employment of First World War. On this a surprisingly complex and special paper supplied by the Henry Portal and the development of copperplate engraving, notes and £1 notes, printed on which remained in use until

## Taking note of paper



A British World War I note overprinted in Arabic. Sold by Stanley Gibbons for £20.

the demise of the "white fivers" within recent times. A week later 10-shilling notes were issued, and there were usually for very large amounts and it was only in times of war, when specie payments were suspended, that smaller denominations were issued. Thus the first pound notes did not appear till 1797, when the economy was gravely affected by the war with France. With the resumption of specie payment in 1821 until 1928 when they were replaced by the first £1 and 10s notes produced by the Bank of England in modern times.

Collectors of more modest means tend to limit their interests in the post-1928 issues—these are surprisingly complex and special paper supplied by the Henry Portal and the development of copperplate engraving, notes and £1 notes, printed on which remained in use until

century and indicates signatures, serial number prefix letters which are clearly visible. As these items are in circulation, an outlay of more than a few pence on this book soon repays itself.

Before the First World War Bank of England notes confined to an area of 65-mile radius of London. Beyond that transaction made in gold, which cumbersome, or in the small towns and country which all too often proved imprudent since these had a habit of crashing sickeningly regularly. The ties of these ephemeral were greatly curbed by the Bank Act and they grumbled in number, at last of the English banks ceased to issue 1921.

North of the Border, however, there was a very different tude to paper money. It actually showed a marked preference for paper over currency and had a greater confidence in banks—mainly due to the fact that these banks collected their customers' money in innocent holder of a banknote, for example, received full payment from bank.

JAMES MA

### Bridge

KEY HANDS to-day are taken from an entry in the Bols Bridge Tips Competition, a competition inaugurated last year by the International Bridge Press Association and the Dutch company unorthodox opening.

Jeremy Flint, the British international, gives us to-day's tip: Consider whether to lead an honour.

It is normal practice to lead low from a suit of three or four cards headed by an honour, but as every good player knows, there are occasions when the lead of the high card can be more effective. For instance, if as the opening leader after competitive bidding, you hold four to the King of your partner's suit, you may be right in starting with the King. This allows you to retain the lead and find the switch that will defeat the contract. But the hand which follows calls for deeper thought:

N.  
♦ A J 9 8 4 3  
♥ J 3 2  
♦ J 7  
♠ 10 2

W. E.  
♦ K 10 7  
♥ Q 10 4  
♦ Q 3 2  
♠ J 9 7 6

S. S.  
♦ A 9 8  
♥ A 10 9 5  
♦ A K Q 8 4

South bids one club, North says one spade, and South reverses with two diamonds. North rebids two spades, and raises his partner's two no trumps to three.

The bidding suggests that the opponents have stretched their resources. It also suggests that the declarer has no great liking for North's suit, so that an early attack on dummy's entry may cause him embarrassment. With no other attractive lead, it seems

## Certainly, your Honour

right to start with a spade, and the card to choose is the King. It might set up a trick by force—at the very least the declarer is likely to be deceived by the unorthodox opening.

When this deal from a match was played, the declarer ducked the lead of the spade King, fished the Knave when the suit was continued, and ended up three tricks short of his contract. In the other room, after a heart lead, South got home with two hearts, four clubs, two diamonds, and a spade.

South bid one club, North rebid one spade, and North introduced the fourth-suit-forcing bid of two hearts. South now said two no trumps, which North decided to lead a heart. Simple addition shows West that his

partner cannot have more than one or two points. If he honours in hearts, it will lead, but if East has the Queen will be the opening for more than a score. First the declarer reads the position, sees West holds the nine of the declarer's options in will be restricted; third declarer does mispla heart honours, East may the lead with his Knave this one lead may be en save West from one of the plays that threaten him alert East will switch to mond ten, which will p to the declarer's hopes.

E. P. C. CO

Knowing that North's heart bid was artificial and that South was not long in the suit, West, with no attractive alternative, decided to lead a heart. Simple addition shows West that his

partner cannot have more than one or two points. If he honours in hearts, it will lead, but if East has the Queen will be the opening for more than a score. First the declarer reads the position, sees West holds the nine of the declarer's options in will be restricted; third declarer does mispla heart honours, East may the lead with his Knave this one lead may be en save West from one of the plays that threaten him alert East will switch to mond ten, which will p to the declarer's hopes.

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e plan

## How to spend it

by Lucia van der Post

## Winners of the Quiz

response to the quiz set last Saturday of the year his page was exceedingly, and I am glad that so many of you seem to have had some amusement from it. It certainly wasn't a nut one and almost everybody who entered it got it right. The questions that caused the most difficulty were numbers 6 (the logic puzzle) and 11 (the logic puzzle).

Many of you got it right if it does seem that we can only give three, but there it is. To be fairly fair we took all entries on the last day they were accepted, and I 12, shuffled them all, and then started sorting them.

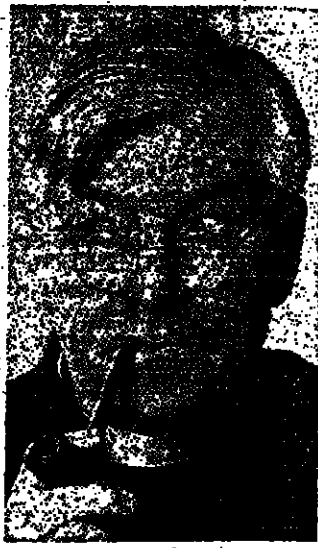
Senders of the first three correct entries were each receive three bottles champagne in the next week. They are: Mr. S. J. J. 1, Braydon Drive, King's Cross, London, N. 1, Beaufort Road, N. W. 5 3EB; and 2. V. McWilliam, 108, West Lane, Handsworth Wood, Birmingham 20.

Indebted to two very good readers who sent me the subject of Edison the light bulb. Though for purposes of the competition on invented the light bulb most of you had no idea in identifying him, it is that this does not accord historical fact. The honour goes to a gentleman by name of Swan—Edison was, according to one of my learned respondents, a brilliant inventor, a judge of the commercial potential of millions of the highest and valued sort, but he was an inventor.

We had an Edison in mind today, writes my correspondent, "the fact and of Britain would be formed in ten years. Edison's abundance but is a lack of that entrepreneurial flair which is risk to appear. Please may we remember Edison for what he is a unique entrepreneur, a noteworthy inventor. He is all the quiz setters of future take the note for there is a more common conception I have yet to find of it.

pe all the winners enjoy champagne and my thanks to you who took part. correct answers are on the right.

## 1. Who's who



Actor Kenneth More playing Father Brown, created by G. K. Chesterton.



Actor Albert Finney playing Hercule Poirot, created by Agatha Christie.



Actor Peter Cushing playing Sherlock Holmes, created by Sir Arthur Conan Doyle.



Actor Ian Carmichael playing Lord Peter Wimsey, created by Dorothy L. Sayers.



Actor Roger Moore playing Simon Templar, created by Leslie Charteris.



Actor Rupert Davies playing Inspector Maigret, created by Georges Simenon.

## 2. Who invented what?



Alexander Graham Bell.



Thomas Alva Edison.



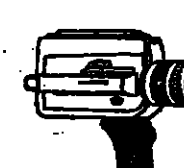
George Eastman.



John Logie Baird.



Guglielmo Marconi.



William Friese-Greene.

## 3. Roundabout

Raspberry—Greengage.  
Bluberry—Mandarin.  
Rhubarb—Apricot.  
Banana—Damson.  
Peach—Lemon.  
Date—Pear.  
Nut—Fig.

## 4. Word square

1	2	3	4	5
1	B	O	A	S
2	O	R	D	E
3	A	D	O	R
4	S	E	R	G
5	T	R	E	E

## 5. Rebus

Nutcracker Suite

## 6. Picture puzzle

The missing figure (2) has been put into the last square in the diagram above.

## 7. Brain teaser

A=9  
B=8  
C=7  
D=6  
E=5  
F=4  
G=3  
H=2  
J=1  
13+6=19  
+ + +  
14+12=26  
27+18=45

## 8. Bird chain

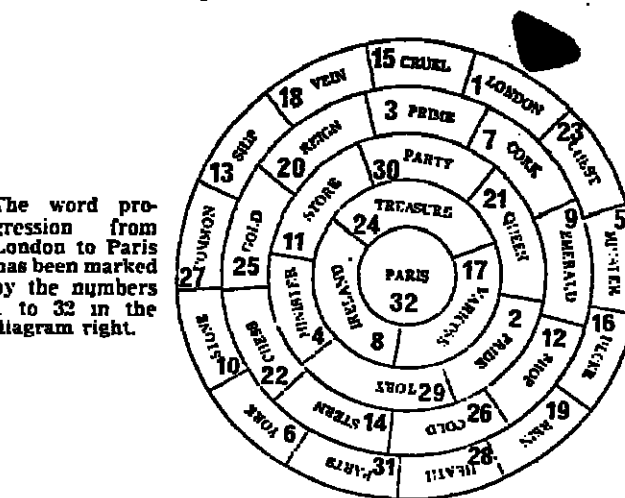
Cuckoo, blackbird, thrush, robin, pigeon, tawny owl, swan, sparrow, jay, swallow, tit, pheasant.

## 9. Anagrams

1 If a tar needs licence to drink blame his ripe accent.  
2 You may go in the mud to these parties old son! Dress optional.  
3 A bishop in Hull can be described as clumsy.

Bull in a China Shop.  
4 In which a government may wheel in the RIF contenders.  
5 The gear that is said to be horizontal yet it is upright.  
Straight as a die.

## 10. Journey from London to Paris



## 11. Short logic problems

44 m.p.h.  
15.

## 12. Word search

The 51 Tube station names hidden within the diagram are all circled below.

S U C R I C D R O F X (O) L R E F A W  
E X D O R D C H E S H A M P S T E A D  
T B O A L N G D R K A P E R U P M L Y  
N E O B I D H E E C E A E C G T P D E  
E I W A I H A B N A R Y F C E O L W S  
M D K L H E R D N K E I O A I N E Y N  
U G A E S C I E I N L X F E C V T C O  
N E O A E I N O F S L A I L Y O A B T  
O E G H W R G U I E L E R B L G L E R  
M N O O L C U Y G S E R E L A D M E  
O V I C T O R I A A G E E A T R E L O P  
D M C O R M O R D E R T V M D A O L  
E A H S Y O S R K T A O H O A I N R A  
O H O T K Q S U Q I N I G N C C E G R  
F T S E U B L S U V L O K N C A S A C  
D S T A L N O T I E L B F R I N R T H  
O A R N H O D O E X F J U N P A E V  
O E G D I E S N O D N O L R E U P L A  
W A T F O R D N H E C T A H N E N D Y

## Yoghurt kit

FAITHFUL followers of Philippa Davenport's articles will no doubt already be converts to the idea of making their own yoghurt—I have been making it continuously ever since reading her mouthwatering piece on yoghurt last summer. Not only is it much more delicious than manufactured yoghurts, it is also very much cheaper.

Like Philippa I am a great believer in machines to help with the making of the yoghurt. I am always reading articles telling me how easy it would be to make my own with no equipment other than an airing cupboard, but failed dismally until I bought a machine.

For those readers who would like to start making their own yoghurt a very nice-looking machine is sold direct by Deva Bridge House, P.O. Box No. 5, Dept. W.H., Stowmarket, Suffolk. It is extremely reasonably priced (many yoghurt-making machines are now in the £12 and upwards class), so line for £1.25 (plus 48p for postage and packing).



Whereas all other kits that I have used are based on an electric system which maintains the heat of the mixture at a constant temperature thermostatically, this particular kit uses the vacuum flask method—the mixture is put into the jar at a precise temperature which is then maintained within the jar due to its insulating properties, thus allowing the bacteria necessary for making the yoghurt to develop. The flask produces 1 pint of yoghurt.

Peter Bradford, who developed this kit, has experimented with many different methods of making yoghurt and he maintains that this one is the one he likes best.

It has nice clean lines, can be in a cream and blue or cream and red colour combination. As part of the kit there is a thermometer, a metal milk saver (it is necessary to boil milk first) and a very nicely-written instruction-cum-recipe book.

If I were buying the machine I would think it well worth buying an extra insulated jar as this means that another jar of yoghurt can be started before the last one has been finished. Deva Bridge will supply an extra one for an extra £1.70 (20p p+p).

# A mood of quiet confidence continues to pervade Abbey Property Bonds.

Like most good investments, Abbey Property Bonds have had a pretty successful year.

The value of the units has increased by about 30%.

The question is: will 1976 be successful also?

Because if you're about to invest with us, the future is obviously more important than the past.

There are very good reasons to be optimistic, although it would be most unprofessional of anyone to predict another 30% rise, since this was magnified to some degree by the very poor results in 1974. That being said, almost all the conditions which gave rise to the growth of Abbey Property Bonds this year continue into 1976.

Let's go through them one by one.

## THE DE-CONTROL OF BUSINESS RENTS

To a large extent the value of business properties depends on the rents they command.

And as you probably know, between November 1972 and March 1975 rents were frozen. This was one of the reasons for the fall in price of our units during 1974.

However, the government lifted rent restrictions earlier this year and the subsequent effect has been that the Fund's rental income has increased from £6.6m to £8.4m.

In 1976 the increase should be even greater as a significant proportion of our leases are coming up for review over the next twelve months.

This rental income is retained by the Fund and, together with any capital appreciation, helps increase the value of our units.

## OUR TENANTS

We think it's important to say something about our tenants, as their quality is as important to the Fund as is the quality of the properties themselves.

A quarter of our five hundred or so tenants are government bodies. Furthermore, we help house more than half the top hundred companies in the U.K.

It is they, besides the buildings themselves, that provide the essential stability a property fund needs for long term growth.

## THE ADVANTAGE OF SIZE

The Abbey Property Fund stands at £180m. It is, and always has been the largest in the land. As a result it has been able to maintain a balanced portfolio of the best properties in the country.

It's not by accident that so many of our 200 office, shop and industrial properties are in the heart of the best business locations. Nor that our farms are situated in areas of prime agricultural land.

These top class properties, for which demand is highest, feel the full effect of any rise in market values.

Another factor edging up these values, is the rising cost of building materials and labour, which is pushing up the cost of

new developments. This influence is naturally increasing the value of existing investments.

## A REGULAR INCOME

These, then, are the basic reasons why we are quietly confident about the Fund's prospects in 1976. Perhaps it would now be a good idea to tell you what you can get out of the Fund in return for your investment.

One of the features that most attracts people today is the tax-free income. If you make a single investment of £1,000 or more, you can take out 5% of your original investment each year free of any immediate liability to tax.

Thus, the value of units has only to increase by more than 5% for you to have capital growth, as well as an income.

In this respect, it might interest you to know that the value of units in the Abbey Property Fund has risen by more than 5% p.a. on average since 1967 even allowing for 1974 when virtually everything fell so badly including our own Fund which declined by 40%.

## HOW TO INVEST

To purchase units in the Abbey Property Fund simply fill in the coupon below and return it with your cheque.

There is, by the way, a minimum investment of £250.

As the Fund is regularly revalued, units will be allocated at the unit offer price ruling on the day your application is received.

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MR/MRS/MISS \_\_\_\_\_  
Full First Names \_\_\_\_\_  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Date of Birth \_\_\_\_\_

Are you in good physical and mental health and free from the effects of any previous illness or accident? If not please give details.

Do you already hold any other Abbey Life Policy? Yes/No. If regular withdrawals are required please state amount in pounds. £\_\_\_\_\_

Yearly (investment of at least £1,000) £\_\_\_\_\_

Half-yearly (investment of at least £2,000) £\_\_\_\_\_

See "Withdrawals"

For your guidance only the current offer price of the Series 4 unit is 100.5p. This offer is not open to residents of the Republic of Ireland

Signature \_\_\_\_\_

Date \_\_\_\_\_

Abbey Property Bonds are single premium life assurance policies. The application and the cover open into force only upon acceptance by the Company and the cover will be restricted. Commission of 10% will be paid on an application received by the company on or before 31st March 1976. Accidents of Suicide. This cover will be limited to local cover received by the Company regarding present law and insured persons practice therapy 1976. No medical evidence will be required in certain cases.

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SPEAK

NOTICES



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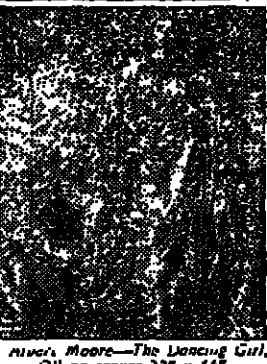
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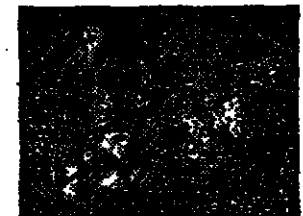
Viewing Hours—The Evening Girl,  
Oil on canvas 22" x 16"

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1855  
1840



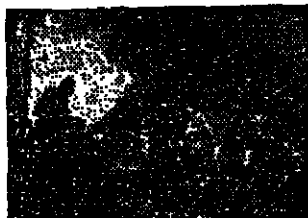
Henry Redmore—Off the Yorkshire Coast, one of a pair, 1876  
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## Paintings

## Continuing confidence in values

BY MICHAEL THOMPSON-NOEL

WITH THE major London spring picture sales still some weeks away, this is an ideal point at which to examine the picture market's signally improved health since the debilities of late 1974, for a lot has happened in the past 15 months and much of what has happened has been hailed as remarkable proof of continuing world confidence in the permanent value of works of art.

In the broadest of terms, the London picture market was sound in wind and limb at the start of the 1974-75 sales season but then plummeted into a short period of decline reminiscent of the worst pre-war doldrums. It staged a slow recovery in the spring of last year and finally, by the time of the major Old Master and Impressionist sales last autumn, was back to almost record-breaking form. Why this sudden turnaround?

## Confidence

According to Frank Herrmann's introduction to Sotheby Parke Bernet's guide to the 1974-75 sales season: "Since the early 1950s a seemingly unshakable confidence in works of art as objects of value had established itself, but this was something new or at least it was a trend sustained longer than anyone could remember. There had indeed been fluctuations, but in retrospect these reflected mere hiccoughs in the flow of seasons, rather than a serious change of scale."

When the new sales season got underway in the autumn of 1974, the first indication that a major change of scale might have been occurring came at a sale of Impressionist and Modern paintings at Sotheby Parke Bernet in New York. It is true that some price records were broken: \$340,000 for Jean Dubuffet's *Echange de Vues*, \$100,000 for Salvador Dali's *Bottle Round a Dandelion*, and \$240,000 for a Matisse portrait, *Michaela*, painted in 1943.

On the other hand virtually half the pictures in the sale were unsold, principally because neither owners nor auctioneers had yet realised that the market was in some cases



James, Earl of Lauderdale, by Sir Joshua Reynolds—to be auctioned by Christie's on March 26

extravagant reserve price levels prevailing just before the Yom Kippur War and the subsequent world recession had now been shot to ribbons, particularly in cases where a picture was being resubmitted at auction fairly soon after an earlier sale.

The market rule that five to 10 years is a minimum interval of safety had come to be ignored more and more frequently, so that a snow scene by Camille Pissarro, a Monet landscape, a Degas dancer, a fat Renoir lady playing cards and a more demure but nonetheless

familiar type of Renoir lady in a straw hat were all declared unwanted in the space of a few minutes at the beginning of the sale.

Says Mr. Herrmann: "The significance of this event was not so much that almost 50 per cent of the lots were unsold, but that the art market was now clearly seen not to have escaped the acute world depression and that the end of one particular cycle had been reached. However, in all areas of collecting interest, with the possible exception of Chinese works of

art, the decline did not anything like parallel the fall of capital values in purely monetary areas, and it recovered much more rapidly."

This is interesting, for the art market depressions of the more distant past were far more akin than the Yom Kippur shake-out. In 1883, during the great industrial and agricultural depression of Victorian England, the sale of the picture collection belonging to Mr. W. Angerstein of Stratton Street, Piccadilly, produced a series of disastrous prices: £35 14s. for a Mahse Madonna and Child; £43 for a full-length van Dyck portrait of a Gentleman, *His Head Resting on a Globe*; £24 3s. for Parmigianino's *The Marriage of St. Catherine*, and £52 10s. for *The Entombment* by Daniele da Volterra. These prices were profoundly lower than those prevailing in the previous 15 years.

The following year, 1884, saw a complete price collapse in the work of contemporary or recent English Masters, and it was only support buying by Agnew's that prevented the work of artists like Landseer, Millais, Sir Frederick Leighton and Alma Tadema.

It was the same story in the 1920s. In fact, Herrmann characterises most of the inter-war period as an era of undiluted heaven for any collector with money and taste. Such a pattern of long-running depression, however, did not characterise the art market last year, for by the spring the prices in most picture sales were back where they had been nine months previously. At Sotheby's in New York on May 21, Paul Gauguin's *Hina Maruru* fetched \$13,043, while at Sotheby's in London, an evening sale on July 1 totalled £213m, including £118,000 for a Maurice de Vlaminck, £170,000 for a Braque still life, and a "breath-taking" £210,000 for a Monet study of Rouen Cathedral.

This ebullience spilled over into the new London season which opened last autumn. At Christie's on 2 December, Impressionist and Modern paintings sold for £2,42m, and record prices were set for a

Modigliani (£189,000), a John Singer Sargent (£52,500) and a Leonard Hutton (£46,200). In addition, an early Picasso self-portrait was bought by an anonymous French buyer for £93,500—quite close to the record for a Picasso, £94,000, and exceptional in that the picture had been bought only five years previously for £147,000.

## Record

The next day, at Sotheby's, an Impressionist sale totalled \$1.94m, including a record £230,000 for Toulouse-Lautrec's *Fille à l'Acroche-Coeur*, a rather gloom, 1889 portrait of a dancer with a kiss curl. In turn, an early Renoir, of a young girl carrying tulips, found a buyer in the Fischer Gallery of London for £202,000. Renoir was a prolific artist and the fact that his works sold easily that week was a good barometer for the market.

One commentator wrote: Sotheby Parke Bernet, 36 Street, London, W.1. £10

## A rare and remarkable Murillo



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## Round the local salerooms

BY ANTONY THORNCROFT

THE SCOPE for buying pictures for less than £500 is virtually limitless. The very great majority of pictures sold at country auctions, by dealers, and even at the London salerooms of Sotheby's and Christie's, fall within this price range.

Of course, you are unlikely to be able to acquire a good Old Master at this level. Colnaghi's,

the old established Bond Street dealers, reckons that £3,500 is about the bottom limit in this market, although if you like religious subjects and portraits, you may still be able to buy a very small (or uncomfortably large) Old Master for around £1,000.

The advantage of concentrating your picture buying on Old Masters is that they hold their price better than any other. A reputable dealer will also usually guarantee to buy back a picture if you tire of it after a few years. Colnaghi's tip among the older paintings is the primitive works of the 14th century, which currently look rather underpriced.

The chances of obtaining your Old Master for a bargain price at a country auction or from an ignorant dealer are very slim these days. There are too many experts around and the dealers comb even the most out-of-the-way sales. That is not to say there are not many instances of wrong attribution—if you really concentrate on an artist or period, you can quickly amass more knowledge about a particular school than the average dealer or country saleroom. The basic rules for buying pictures, with one eye on their investment potential, do not change—buy what you like, and read up on the subject—or alternatively rely on the advice of a really top dealer.

And what types of picture should the fledgling buyer consider seriously? The field is basically concentrated on 19th and 20th century paintings. Pre-1700 pictures in a reasonable condition are very rare and are now expensive, and even 18th century works usually fetch more than £500. The hunting ground is late Victorian and, increasingly, 20th century pictures.

Here are some tips from the experts. At Phillips the view is that the early 20th century Glasgow School of artists is currently under-priced, with some pictures available for £100. There is also tremendous potential in the work of the British abstract artists of the 1930s and 1940s, and, of course, certain subjects, like portraits, tend to be dreary—and cheap. There is also scope in local tastes—a painting of Newcastle in the 19th century is likely to fetch as low a price in Cornwall as a West Country landscape is in the North East. A willingness to travel can bring rich rewards.

At Sotheby's Belgrave there is a feeling that seascapes could fetch higher prices, and, to a lesser extent, so could late Victorian landscape paintings. The internationalisation of the art market, and the influx of European dealers, has given a fillip to pretty genre scenes—pictures of children at play and young girls. Sotheby's also points out that a painting that looks outstanding in a small country auction fades in comparison with the wider choice on show at a London saleroom.

the pound depreciates and the U.K. economy stagnates.

Then there are the antique shops, where expertise and bargaining powers can be rewarded, but it must be remembered that antique dealers buy much of their stock at auction and are inclined to double the price for resale. Finally there are the major London salerooms which have weekly picture sales offering works from £10 upwards—though sales are arranged according to anticipated price levels. Phillips and Bonhams, in particular, have a vast throughput of inexpensive pictures but now Sotheby's, with its Belgrave operation specialising in Victorian pictures, and Christie's, South Kensington, which concentrates on works of less than £1,000 (and quick payment for sellers) offer competition at this level.

## Expensive

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Some country auction houses, such as Henry Spencer of Retford and King and Chasemore at Pulborough, have grown to rival the smaller London operations. They favour the late 19th century landscapes and, like virtually all the experts, believe that the greatest potential at the moment lies in watercolours, which suffered a decline a year ago, and are still relatively cheap. When it comes to particular artists King and Chasemore mention Henry Redmore, William Thornaby, and Thomas Luny. Their pictures could have been acquired for £50 or less a few years back and now cost well into three figures.

Christie's at South Kensington confirms that pictures in the lower to middle price range survived the fine-arts depression better than most other markets. The fact is that the realisation that art offers a good investment for cash has creased off the work of most of the major artists and this has created a groundswell of support for quite routine 19th century artists. And "experts" are continually discovering new artists whose work becomes popular in the wake of a book about them.

Christie's favours artists like Dan Sherrin, the Williams family, and Charles Leslie. This saleroom has been particularly successful in visiting provincial centres, like Hereford and Norwich, and assessing works of art brought along by local people. A trip to Hereford produced pictures which subsequently sold for up to £1,500 and in February the Christies' specialists visit Shrewsbury.

## Deterred

Newcomers to picture buying are often deterred by the appearance of paintings at auction. They may well be filthy and damaged. This is an opportunity. The skill of dealers is in seeing the beauty in an unlikely canvas, and as long as a picture is not lacking the original paint, repairs can transform a cheap acquisition into a highly prized bargain.

Finally, perhaps the best opportunities do not lie so much in oils but in watercolours, and, in particular, prints and drawings. Even Old Master prints and drawings can be bought for very reasonable prices and this is one market which is attracting considerable interest and is likely to grow very rapidly.

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## HOME NEWS

## Iceland defers decision on severing relations

BY MALCOLM RUTHERFORD

ICELAND has put off for eight days a decision on whether to break diplomatic relations with Britain over the "cod war".

"If London has not recalled its warships from our waters by January 24, we will consider the breaking of diplomatic relations," Mr. Sæhr Halgrimsson, the prime minister, said in Reykjavik yesterday.

He was speaking only a few days after Dr. Joseph Luns, NATO Secretary-General, returned to Brussels from Iceland.

Mr. Luns spent two days seeking formulae to end the long-standing conflict between the U.K. and its NATO partner.

Iceland had previously threatened to break relations with Britain by the end of this week if the U.K. did not recall its fishing vessels protecting trawlers within Iceland's 200-mile limit.

It also threatened to quit NATO. Mr. Halgrimsson said that he could not promise that the frigates were withdrawn, Icelandic patrol boats would stop cutting the wires of British trawlers—something which has been a British pre-occupation.

He also said that if there were an agreement it would be for a British catch of less than 65,000 tonnes a year, the figure the Icelanders suggested before the negotiations broke down.

**Diplomats**

The British Government's position is that it might be prepared to accept an agreement of less than 100,000 tonnes, but not as low as 65,000.

Mr. James Callaghan, Foreign Secretary, will probably discuss the matter with Dr. Luns in Brussels on Monday.

Dr. Luns had talks with the Icelandic Government at the Icelandic request. He has already told British diplomats of the content of the talks, but there has been no indication of a breakthrough.

An Icelandic announcement of an imminent break in relations would no doubt be designed to persuade Britain to give way, more particularly as it could be accompanied by further threats to curtail NATO surveillance activities at the Keflavik base.

At the very least, it seems likely to lead to some fairly hectic diplomatic exchanges and it is possible that Dr. Luns will return to Reykjavik for further talks after his meeting with Mr. Callaghan.

## Rockwell ends U.K. calculator assembly

By Roy Levine

ROCKWELL International, the U.S. electronics group, is to close its U.K. calculator plant, creating 220 redundancies. From the middle of the year all its calculators will come from the Far East.

Mr. Barry O'Neil, managing director of Sumlock Antis, Rockwell's U.K. subsidiary, said in London yesterday that the decision had been taken because the cost of assembly in the U.K. was too high.

Rockwell's other calculator assembly operation, in Juarez, Mexico, would also close because of the high cost of assembly there.

One factor in the decision was that import duties in the U.K. were higher on calculator components, such as chips and displays, than on the finished product.

"If the position had been the reverse, our decision may well have been different," said Mr. O'Neil.

Several companies in the calculator market, including Sinclair Radionics, Britain's only local manufacturer, have asked the Government to review the duties.

But unless the entire EEC duty structure on calculators is reviewed there seems little the U.K. can do short of violating tariff agreements with its Common Market partners.

Rockwell International has made large losses in the calculator market, as have many competitors.

It does not give separate figures in its annual reports, but the company has said that one reason for its 22 per cent. fall in last year's earnings was the loss on the calculators.

About a fifth of its 1,000 employees were made redundant in July in an effort to increase profitability.

Its small Scottish operation closed at the end of last year.

## Ulster could face referendum if Loyalist splits develop

BY GILES MERRITT

THE GOVERNMENT, in a White Paper published yesterday setting out the reasons for the recall of the constitutional convention, gave a reminder to Ulster politicians that a referendum could be held on any matter dealing with the future government of the Province.

Mr. Merlyn Rice, Ulster Secretary, said in the Paper: "If the Convention wishes to make any recommendations in this respect, they will receive careful consideration."

The Government is asking the 88-member Convention to set up a system of government providing for a form of partnership and participation.

In a sharp reaction to the use of a referendum in Ulster to gain acceptance for an emergency administration, the Roman Catholic minority by reconvening the 78 seat Constitutional Convention next month, is nevertheless aware that a referendum would favour the moderate protagonists of a coalition Government.

The question that Whitehall would ask—whether or not Ulster favoured a coalition executive for a limited period—

it is generally expected, would receive a "yes" vote and that would strengthen Vanguard leader Mr. William Craig's campaign during the subsequent general election.

In anticipation of today's publication of the White Paper, setting out the Government's hopes for the brief second round of the convention, 49 UUUC members have pledged themselves to stand by their original report which rejected power-sharing.

But the Unionist coalition, and indeed the whole of the Loyalist establishment that includes the Ulster Workers' Council and the Paramilitary UDA, is thought to be considerably less united on the issue than the leadership will admit.

Mr. Rice, it is now clear, is fully prepared to exploit any of these splits if they develop into serious Loyalist disunity during the Convention's four-week life by calling a snap referendum.

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## Marathon rig order too late for jobs

By Arthur Smith

MARATHON U.K. has won a new order for an oil rig. The news follows a warning from the company's U.S. headquarters earlier this week that a shortage of orders might lead to the closure of the Clydebank yard by June.

However, the order placed by the National Drilling Company, of Abu Dhabi, comes too late to prevent the first batch of redundancies announced this week.

Mr. John Gray, a Marathon U.K. director, said that a way in the continuity of production would mean some men would be paid off this month.

Threatened

About 250 out of a workforce of 1,740 are threatened and discussions with the unions are continuing.

The latest order is for a drilling rig similar to one built for between £5m and £6m. for Abu Dhabi last year.

Mr. Gray said the work would give the company a breathing space, but new orders would be needed by June.

The Marathon management at Scotland had always been confident of its ability to win orders. "We hope to get enough work not only to see us through this year but also next," he said.

**£5 holiday surcharge limit by BA**

By Michael Donne

BRITISH AIRWAYS is offering a new price guarantee to families who still have to book their summer holidays.

The airline said yesterday that for those booking holidays to be taken in Europe and North Africa between April 1 and July 31 there will be exemption from any surcharges exceeding £5 that may arise from currency fluctuations or other causes.

This new deal arises from the success of the airline's earlier offer, launched last autumn, when Sovereign and Enterprise holidays became the first to carry the guarantee of no surcharges of any kind provided bookings were made by January 15.

The latest offer constitutes, "Phase Two," of British Airways' plans to boost its summer holiday business.

## Fewer jobs and more short time

remains Royal Acc

Electronic concern, and to cut its 350-strong workforce by 250 at the end of next month. The Gateshead company said it was impossible to retain existing levels with fewer sales.

The company said last year at orders had fallen to 11m. from 12m. in 1974.

In Peterborough, 200 workers employed by Hotpoint are to start three-day working on February 3 in an attempt to reduce costs worth about £10m.

The cut will last until the end of March, according to Mr. Dennis Thomas, Hotpoint's financial director.

Originally, it was proposed to work one week in two, but after talks with the Municipal and General Workers' Union, three-day working was accepted.

**Jensen cuts workforce**

THE NUMBER of workers made redundant at the Jensen car factory in West Bromwich, Staffordshire, reached 50 yesterday.

"We are nearing the situation where it would be very difficult to recall all those made redundant," said Mr. Jim Elston, personnel manager.

The work force of 800 is expected to be completely run down by mid-April.

## Housing policy 'will still give new homes priority'

NEW HOMES will continue to get priority in the Government's housing policy, Mr. Reg Ffrench, Housing Minister, told the annual meeting of the National Joint Consultative Committee for Building in London yesterday.

Public sector housing figures showed that starts in the first 11 months of 1977 were 37 per cent. up on the same period of 1974.

Completion rose 37 per cent. up, and approvals 17 per cent. up for the first 10 months.

No new cuts were to be made in public expenditure on housing, as some reports had suggested.

"We cannot present economic circumstances expect to be able to increase public expenditure for housing as a whole, and so we must continue to give first priority to new housing provisions."

"I am particularly concerned to speed up housing procedures. We have urged local authorities to do all in their power to shorten the process of designing and building."

His department had begun work on a code for local authority housebuilding which would give guidance on all stages. It was also considering moving "shelves" of projects to be brought forward quickly when the level of demand rose.

**Slow shipyards attacked**

BY OUR INDUSTRIAL STAFF

LATE DELIVERIES by British shipyards were sharply criticised yesterday by Mr. Donald Tod, general manager of the Kuwait Shipping Company.

Mr. Tod said at the four-monthly launch of the bulk carrier *Jon Amdrup* at the Scotstoun yard of Govan Shipbuilders, that he was concerned at the future.

He compared the Govan performance with that of a South Korean yard which had won an order for 27 similar vessels and had promised delivery by nine months late.

In the second half of this year, "if one bears in mind that the final ship being built in Govan and Scotstoun will not be delivered until the late summer of 1977, it is hardly surprising that customers such as ourselves need to go elsewhere if our requirements are to be fulfilled."

Govan said that the late delivery was due to reconstruction and modernisation of the yard. The last of the 13 ships ordered by Kuwait Shipping would no more than a few months late.

## BSC near steel deal

By Adrian Hamilton

BRITISH STEEL yesterday confirmed that it had almost completed negotiations for the German steel stockholding company, Walter Blume, and said that the terms of the agreement had been sent to the EEC Commission for approval.

Negotiations have been going on for some months and Sir Monty Finniston, the Corporation's chairman, disclosed this week that BSC had also started talks about buying a French and Dutch stockholding company.

Mr. Finniston said that the deal was "a minor one" and of "little value," he said at Ogmore, Glamorgan.

"I do not accept the arguments about massive retaliation. Country after country has imposed controls at some time or other without any real or effective threat of retaliation."

Mr. Hayward criticised the Government's approach of "relying on the goodwill of 'Tory businessmen'" and demanded immediate action to provide the National Enterprise Board with funds of £1bn. to enable it to take over a range of viable manufacturing concerns.

Planning agreements should be made with Britain's 30 largest exporting companies and an investment fund established to channel profits into investment.

The Government's recent import curbs had been "so minor as to be of little value," he said at Ogmore, Glamorgan.

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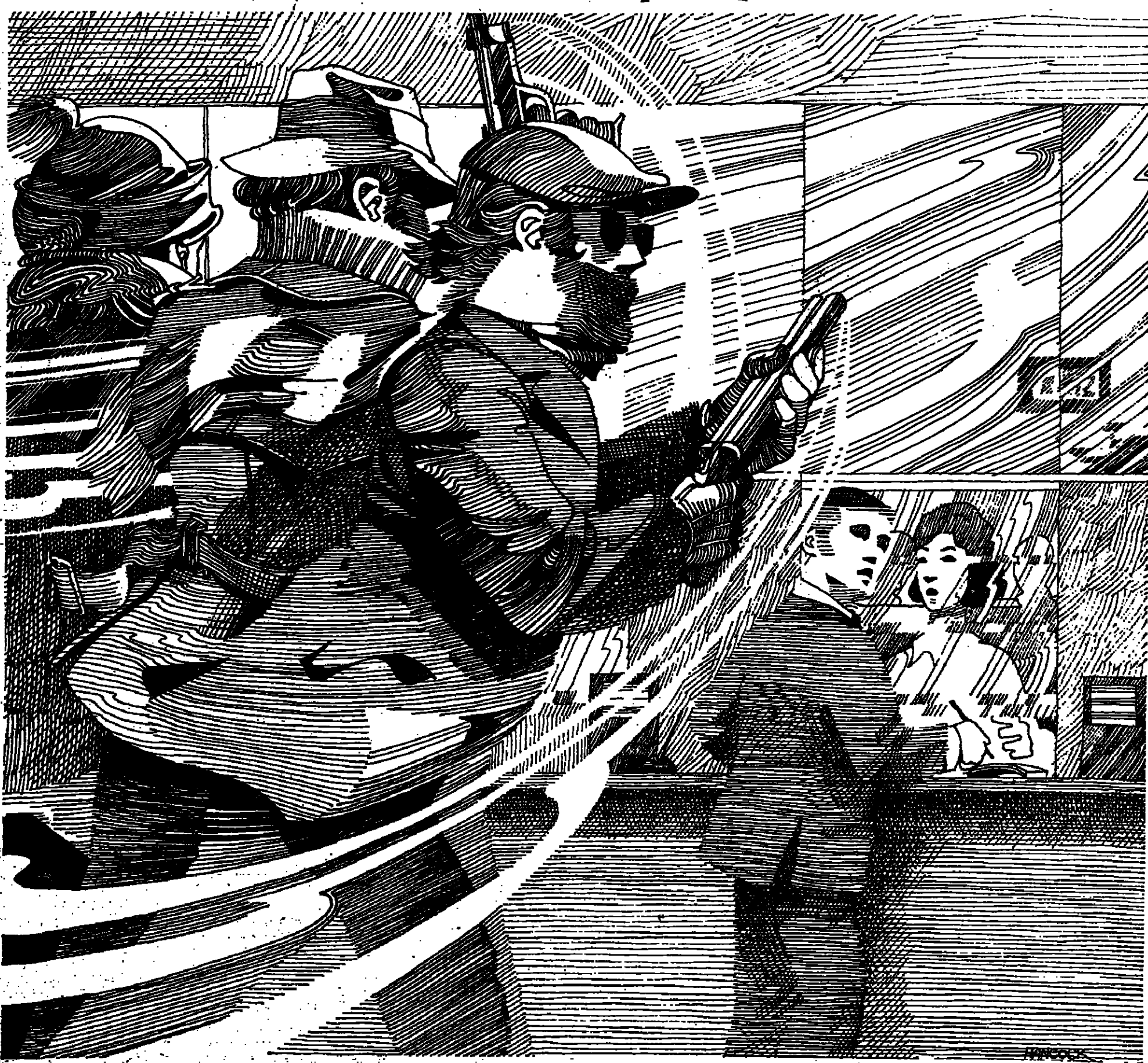
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SATURDAY, JANUARY 17, 1976

## First signs of light

THE financial markets, more especially the gilt-edged market, have been the star features of the business scene this week, and there may well seem to be a contrast between the behaviour of the markets and the condition of the economy. The explanation of the contrast, of course, is that markets are concerned with the future and that signs of light at the end of the economic tunnel are now becoming less ambiguously visible.

To begin with the markets. The gilt-edged market opened the week as firmly as it had closed at the end of last week, because the terms of the two new tax stocks announced by the Government seemed to give the green light for a further drop in interest rates. The mood of the gilt-edged market was such that it seemed quite possible that the two new tax stocks would be fully subscribed. Doubts began to creep in only in mid-week, with the publication of the letter which the Chancellor had sent to the International Monetary Fund in December to accompany the application for credit. This acknowledged for the first time that the public sector borrowing requirement would be much higher than originally estimated and suggested that it would be little changed in 1976-77.

## Gilt-edged boom

These figures, though formally new, have been informally current for some time past. The market's reaction was partly due to the fact that latest unofficial estimates of the borrowing requirement for this year had been rather below the earlier £12bn, partly due to the fact that the estimate given for domestic credit expansion seemed to imply a rather faster expansion in the money supply than was compatible with the Government's anti-inflationary aims; and most of all, perhaps, to fear that the publication of the letter was deliberately intended to curb the rate at which money has been pouring into the gilt-edged market. In the event, however, subscriptions for the new short were so large that it is not to be operated as a tap stock and subscriptions for the long medium were large enough to produce a good opening premium.

As if this were not enough, the Bank of England then took action which demonstrated plainly that it does not mean

to interrupt deliberately the downward trend of interest rates made possible by the similar trend of interest rates in the United States. The heavy demand for gilt-edged stock, coupled with the fact that tax payments to the Exchequer are expected to be heavily concentrated in the next few weeks, might have pushed the banks close to their minimum ratio of reserve assets and made for a rise in short-term rates. To meet this danger, the Bank of England has released to the banks 1 per cent of special deposits for a temporary period of three weeks—a smoothing operation, which nevertheless demonstrates a readiness to keep the trend of rates running downwards.

## Prices and exports

It is of course true that the Bank of England needs to sell gilt-edged stock to the public on a massive scale if it is to avoid the potentially inflationary consequences of the large public deficit and is best able to do so on a gradually rising market. There are also wider economic reasons for wishing to bring interest rates down as rapidly as external conditions and internal progress against inflation permit. But investors would not be willing to buy gilts on the scale recently experienced unless there is now some real hope of the Government's economic calculations working out.

The official figures seem to confirm the latest evidence from CBI surveys, that the drop in industrial production is now levelling out. The latest index of retail prices shows that, despite increases during December in the prices of some seasonal foods, the annual rate of inflation is continuing to decline and suggests, together with recent movements of raw material prices, that inflation may in fact be brought down to the 10 per cent rate by end-1976. The latest trade figures, moreover, are a considerable improvement on those for November, due mainly to higher exports. It still needs to be borne in mind, however, that the readiness of the unions to accept wage restraint after August and the readiness of the Government itself to go on hacking away at the growth of public expenditure have still to be demonstrated.

The current round of fighting in the Lebanon has claimed at least 10,000 lives, and probably many more. Richard Johns examines the origins of the civil war and discusses its possible outcomes

## Middle East peace in the firing line

SUDDENLY partition has become the key issue within Lebanon, who wanted to see the new entity merged into Greater Syria. Of the other main sects, the Shi'ites were Moslem and left-wing forces, happy enough not to be part backed by the Palestinian guerrillas, which is arrayed against them. When the word was first heard in serious political discussion three months ago, there was still a theoretical ring to it.

Now a kind of de facto partition already exists; increasing the pattern of fighting is dictated by the Christians' tactics of consolidating their enclave and by their opponents' determination to prevent the fragmentation of the country. While the Maronites' motivation could be seen as panic-stricken self-preservation, undoubtedly the wider issue of the Lebanon's integrity is at stake. So, too, is the stability of the Middle East—this is why the Maronite extremists, with the heavy odds against them, cannot reasonably look to partition to solve the crisis.

The incident which set off the violence was the seemingly unprovoked slaughter by a group of young Maronite militants of a bus-load of Palestinian refugees last April, which highlighted the underlying cause of the inter-communal violence which has now claimed at least 10,000 lives and probably many more. The Arab-Israeli conflict and the Palestinian question have aggravated tensions which have existed in Lebanon since France carved the country out of its mandated territory in the Middle East in 1920.

## Overwhelming majority

Maronite leaders may now be rueing the fact that France—not the least because of the articulate persuasiveness of their predecessors—carved out as big an area for the republic as it did. Under Ottoman rule the semi-autonomous mutesarrifate, or province of Mount Lebanon, was established in 1861 as a result of Napoleon III's intervention after some 12,000 Maronites had been massacred by the Druses. It excluded the whole coastal strip and the Bekaa Valley inland but left the Maronites with an overwhelming four-to-one majority.

At one point, a smaller Lebanon, corresponding more or less to the shaded area in the accompanying map, was considered, but in the event the French, who wanted to maximise their sphere of Christian influence, incorporated the almost wholly Sunni Moslem northern region and the Shi'ite Muslim southern region in the protectorate, giving the Christians only a small, officially calculated, majority.

The arrangement was resented by Damascus and the

also survived the subsequent smaller ones that occurred despite the Cairo accords drawn up in 1959 and subsequently amended to regulate the commando presence in Lebanon.

Yet the Palestinian "state within the state" has been attacked by Mr. Pierre Gemayel and Mr. Chamoun, leaders respectively of the Phalange and the National Liberals whose militia have been the main Maronite forces engaged in the fighting.

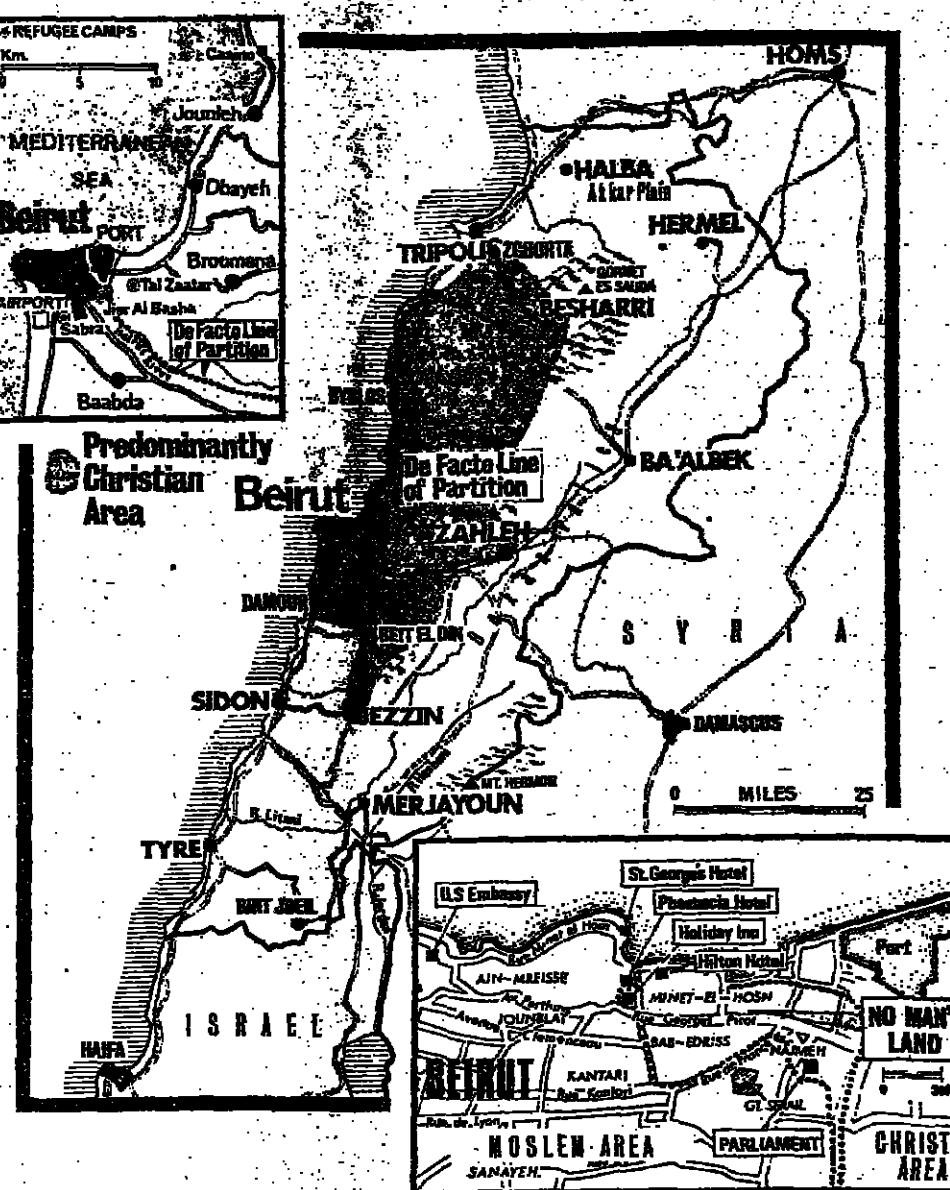
The civil war started as a strictly inter-communal affair and the Palestinians were only intermittently or peripherally involved for a long while. But their cause and presence in Lebanon has more than anything kept alive the suspicion and hatred behind the conflict. Now, almost appropriately, the guerrillas are in the thick of the fray.

## Latest round

With the escalation of the fighting, and consequent lessening of hopes of a negotiated settlement, the territorial imperative has become paramount. This has been highlighted by the latest and most bitter round of fighting in central and north-east Beirut. The Phalangists have been trying to maintain their foothold in the Holiday Inn and Hilton hotels in the face of determined assaults by the Mouaboutoun leftist-Moslem alliance and the Palestine guerrillas who have aimed at cutting their supply lines down a narrow corridor to the Beirut River. At stake is control of the Christian half of the city and the "no-man's land" of the commercial centre with the port which an independent Christian entity would want.

Conversely, the Phalangists regarded the Palestinian refugee camps in Maronite-dominated territory as an anomaly and a danger to their community. Their blockade of the Taj al Zaatar and Jisr al Basha camps on January 4 precipitated the latest round. Less problematic for them should have been Dabaye, which is exclusively Christian, but their capture of it has proved the most fearful development so far, bringing the commands and the Druses out against them in force, as well as arousing the anger and hostility of other Arab States.

From the beginning commands have been fighting with Moslems belonging to various left-wing groups. Whatever the reasons for the fighting, the PLO leadership has been ambivalent—reluctant not to be held responsible for a bloodbath but determined to further the interests of the Left, enhance the status of the guerrilla movement and bring the Lebanon into confrontation with Israel. Now



the movement's full armed potential threatens to be unleashed.

The entry into the war of the Druse warriors for the first time as a collective group is equally ominous. Members of the heterodox sect belonging to Mr. Jumblatt's Progressive Socialist Party have been fighting in Beirut with the other Leftist Moslem groups—Nasserites, Baathists and Communists. As a reprisal for Dabaye's capture they mounted the assault on Damour, the Christian town to the south of Beirut. Full mobilisation of their fighting power in the Chouf Mountain, where Druse and Maronite villages are inextricably mixed, presents a frightening prospect.

## Repeated warnings

Mr. Jumblatt, who combines the role of semi-federal chief and radical leader, has warned repeatedly that if he were to bring his full support to the fray, right-wing Christian opposition would collapse overnight. Most observers would take the threat at its face value. This week Mr. Jumblatt has said cryptically, "the decisive battle has yet to come" and indicated that his men will ensure that "all these dreams of a separate state crumble away."

By their action against the guerrilla camps the Maronite extremists may have hoped to provoke the guerrillas and thus bring the Army into the fray. If this was the objective, tactics have succeeded to an

extent, with assistance given by the Arab world and certain units to the Christians. Maronites cannot look for elsewhere in the present national crisis. Syria—possibly an open rift in the army—remain to be seen. Against this must be set the danger to the 250,000 Christians living outside the area of Maronite predominance.

For self-preservation and strong political bargaining position the consolidation of the Christian enclave may make sense. Partition as a solution would be a different matter. Discussion of it grew in the autumn, but, significantly, one Maronite leader has aired the idea publicly, let alone advocated it. Monsignor Antonios, the Maronite Patriarch, has roundly rejected it. His moderation as the sect's spiritual leader and his commitment to the unity of Lebanon have commended him in the eyes of the Moslems and of Damascus as a possible successor—along with the Maronite Commander-in-Chief—to President Frangieh whose calculated inertia and open bias have made him anathema to almost all Moslems. Mr. Raymond Edde, leader of the third Maronite Party, the National Bloc, and an aspirant to the highest office who is acceptable to many in the conservative Moslem establishment, has kept his followers well clear of the conflict.

All this may be seen as a recognition of the hopelessness of partition. With the destruction of the Lebanese service facto secession one may economy and the prosperity on which it was based, it is hardly that relevant to ask whether an East conflict which independent Christian state chaos in the region and would be viable at this enclave to consolidate moment. It is not acceptable independence.

## Letters to the Editor

## Snags of devolution

From Mr. J. Wilson.  
Sir—Two years ago I spent four days travelling with a driver who was delivering groceries and a variety of other goods throughout northern Scotland and the Western Isles. He worked for a British company, most of whose tonne-miles of delivered goods are in the south-east and middle of England.

He explained to me that many of the shopkeepers to whom he delivered added a surcharge of a penny or two on some of the items he delivered. Their customers paid this on the understanding that such deliveries were in reality more costly than the deliveries to shops in Guildford.

He also explained that his company did not add a delivery charge to the basic cost of these items to retailers. The total running costs of the British operation, as observed, as it were, the price of a ferry ticket to the Isle of Lewis for the delivery of a few packs of assorted groceries, frozen goods and motor parts. At that time the vehicle he was driving cost almost £150 to ship to the island.

My own scrutiny of retail prices in a few shops on his road convinced me that he was not indulging in idle chatter, and it was difficult to escape the conclusion that some of his customers were engaged in a particularly sneaky practice against their fellow countrymen. More to the point, it showed how in the cost of at least one commercial operation the English consumer is unwittingly subsidising the Scottish in writing is not to criticise these practices: on the contrary, these kind of subsidies are the sort of thing that the United Kingdom is, or should be, all about. But if the people of Scotland want to wave their national flag on their own, they should appreciate just what this might mean to the consumer, as opposed to the politician seeking security of Westminster tenure or the promulgation of nationalist ideals.

As in chess, it is the pawns that get gobbled up while the major pieces favour about the board. Fortunately it is always possible for a humble pawn to tip the scales in the end game. The Scottish consumer will gain

nothing in real terms if his country forces a split. His so-called treasure of North Sea oil will be gone in less than one generation, and he will lose many of the hidden advantages of oil. So will his English counterparts.

John Wilson.  
16, West Kensington Mansions,  
North End Road, W.14.

## Reaching Hong Kong

From The General Manager  
Cargo U.K., British Airways  
Sir—Am afraid Mr. Silverman (January 12) has been misinformed. There is no 24-hour ruling favouring a British carrier as he suggests.

Hong Kong, however, is a British territory and this is a cabotage route. Only a carrier designated by the British Government may uplift passengers and freight, though in cases of extreme urgency this ruling is sometimes waived.

In this particular case, despite the fact that the British Airways flight left Heathrow six hours after the Pan American flight, it still arrived in Hong Kong half an hour ahead of the American flight because it made fewer stops. Neither aircraft could have landed in Hong Kong on December 15 in time for Mr. Silverman's package to reach a mid-day Board meeting as the scheduled arrival of that British Airways flight was 3.40 p.m. (local time).

C. Whitty.  
P.O. Box 13,  
Victoria Terminal,  
Buckingham Palace Road, S.W.1.

## Printing money

From Mr. H. Irvine-Portescue.  
Sir—May I add to the excellent letter from Mr. N. Blitch (January 15).  
It cannot be stressed often enough and strongly enough that it is the Government which is causing the inflation by allowing the printing presses to produce more and more paper £s. As the money supply increases so prices inevitably are forced upwards as increases in production are far exceeded by the increase in money supply. As inflation progresses the people are taxed more and more heavily.

The people who profit are members of Government, the monetary managers and the ever growing incubus of Government bureaucracy. The mass of the people suffer, but in the event the measures so far taken by Government to curb inflation are nearly sufficient. A practical step would be to give our currency some real value backing, for example, gold or silver, by so doing confidence would return.

H. Irvine-Portescue.  
The Old Dairy House,  
Trenton,  
Stoke-on-Trent.

## Currency

From Mr. P. Brooke.  
Sir—With reference to Mr. Mitchell's letter (January 12) surely it is up to the Government and not the banks to safeguard and maintain the value of the currency both internally and externally.  
P. C. G. Brooke,  
20, Haverthorpe,  
Leigh-on-Sea,  
Essex.

## Savings penalty

From Mr. E. R. West.  
Sir—A comparison of higher rate tax liability for two retired married men, over 65 and both with taxable income of £4,500 per annum, gives:—

	£	None
Pension	3,398	None
National Insurance Old Age Pension	1,102	1,102
Investment Income	nil	3,398

Taxable income ..... 4,500  
Investment income surcharge % £  
1,500 — 50  
1,398 15 199  
3,398 249

the same taxable income derived mainly from his pension. There must be many who have made substantial contributions to industry in the past by effort for which they have never been paid in any way compared with current levels—and by invested savings. They get a very real deal.

Mr. Nicholas Goodison, the new chairman of the Stock Exchange, said recently: "For too long we in this country have been prepared to entertain a bias against savings."

A very small step in the right direction would be to raise the investment income surcharge limits by £500 for retired people over 65 as follows:—

Investment income	Surcharge
0-2,000	nil
2,001-2,500	10%
over 2,500	15%

In the example given above, this would reduce the £249 per annum savings penalty to £194. Thus:—

Investment income	Surcharge
£ 2,000	£
500	10% 50
898	15% 134
3,398	184

E. R. West.  
13, Clepington Road, Dundee.

encouraged more by government bodies to use such fuel savers instead of being encouraged to actually open up old closed chimneys and put in incredibly wasteful open fires that cause so much more pollution?

## Tax allowance

From Mr. A. H. King.  
Sir—With the extremely high cost of travel there is now every reason for allowing employees to claim tax relief for the cost of travelling from home to work, which is, without doubt, a direct expense chargeable against their salary income.

When this subject is mentioned numerous difficulties are always raised but surely a simple scheme could be devised such that each person's income tax file contains details of their home address and their place of employment. An additional tax allowance could be devised on the basis of say all for the first five miles distance with an increasing allowance in steps of five miles up to a maximum of say £350 for 30 miles distance from home to office.

Now that subsidies are being removed from public transport the question of whether public or private transport is used is no longer relevant, and with current travelling costs, they can no longer be deemed to be allowed for in the current personal tax allowances.

A. H. King  
51, Pollihuigh, Eynsford,  
Dartford, Kent.

## Landlord and tenant

From Dorothy Little.  
Sir—The new obligations placed upon the landlord to advise tenants in writing, of their rights, when serving a notice to quit, are further manifestation of the currently popular premise that all tenants require still further protection from landlord's boundaries. Perhaps Mr. Munro would prefer a flat world! David W. King.  
Fish Dock Road, Grimsby,  
South, Humberside.

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IS HARDLY a secret that simple keys would open the doors to prosperity for the British film industry—money, red in one and in the form investment, and customers being at the office to buy product. For some months Prime Minister's Working Party on the Future of the Film Industry has been working on the question of how to open the doors. The answer, says the Working Party's report, is to oil the production works with a little public money (nibbled from the commercial television companies' profit levy). The members of the committee, which included Sir Bernard Lord and Lady Falkender, leave that this money (£5m. a year is suggested) would be used to finance two or three new films a year going on to film production at the moment, would bring the industry's total production budget to £100m. a year.

The Working Party has little to say about the second half of the question, the selling of product. The obvious belief that, given sufficient financial support, the U.K. has the talent to produce box-office hits, and that these days that support has to be sizeable. There is little doubt that it is the selling of films which has added lustre to the crown of the British film industry. Time again eager to snatch, great deal has been written about the picture, but it is the good old days since the good old days that the British film industry cannot ignore the fact that it has a spectacular success. The Godfather (U.S./Canadian) has cost a reported \$4m. rental taking \$65.7m. The Sound of Music (£7.5m.), and the Gone With the Wind (£7.5m.) alone in one bite) the



The Prime Minister's Working Party on the Future of the British Film Industry looks to television to help finance future cinema film productions. Members of the Working Party included (left to right): Sir Bernard Lord, Lord Ryder, Lady Falkender, Sir Richard Attenborough and Mr. Alan Sapper.

# A little TV oil for U.K. films

BY ARTHUR SANDLES

film took more than £50m. at the box office in North America last year, and now the foreign receipts have started to pour in. In Britain alone it has taken nearly £800,000 in its first ten days.

When this sort of thing happens in the film industry, which it does with remarkable regularity—remember The Godfather and even Midnight Cowboy—the impact tends to be like that of a £500,000-plus win on the football pools; everyone wants to play. The list of all-movie companies makes a month-watering reading to those who think they have the world's next great movie in their knapsack. *Jaws* is now unquestionably the most successful film ever followed, according to the show-biz newspaper, *Variety*, by a spectacular success. The Godfather (U.S./Canadian) rental taking \$65.7m. The Sound of Music (£7.5m.), and the Gone With the Wind (£7.5m.) alone in one bite) the

The most successful British-financed and made film ever, *Murder on the Orient Express* (£17.5m.) came 64th.

The U.S. and Canada account for about half the world market, a little less in some cases, and a little more in others. This is one of the parts of the equation which the Working Party was unable to avoid. If a major league film is to be successful to-day, it must achieve a large portion of that success in North America. This is not necessarily the case for the film product of other countries. But Italy, France, India and Japan have more thriving cinema networks than the British (perhaps we should blame the high quality of British television for that) and do not face direct competition in the same language. To be successful in the British market alone a film ought not to cost more than £200,000 to make.

There is a great divergence of view, of course, between those who measure success by critical standards, and those who count the box office takings. If you make an artistic assessment then you tend to argue for a break up of the Rank/EMI monopoly in distribution. But from the commercial point of view, even a Britain in which every cinema was individually owned would be unlikely to change the basic position. In 1975, a particularly good year for most reports, the British cinema probably grossed more than £80m. in total. Since most of the top films shown were foreign-made, and since that £80m. total includes retail mark-ups and distribution costs, the actual return to British film-makers was very small.

Compared with television, therefore, the industry is small. The BBC alone spent £108m. on its television services in 1974-1975 and ITV somewhat more.

It is the never-satisfied appetite of television for film material that continues to worry the film-makers most of all. The Prime Minister's group feels that television should be encouraged to pay more for its film material, and that the showing on television of films less than three years old should be banned. Unfortunately, both these recommendations overlook the sheer financial pressures that are often imposed upon film-makers. The present five-year ban on film material being transferred to television, a sort of gentlemen's agreement, has held up remarkably well over the years with only a few lapses. However, when a film-maker is short of cash and owns a two-year-old property which he knows can

of the world's film industry, there is an obvious temptation for anyone with talent to migrate to a community which is likely to offer work. But the other problem is British taxation.

Much has been made of the heavy tax burden which is placed on a pop star or movie queen and, perhaps unfortunately for them, they are often the type of character that excites little sympathy. Nevertheless, many of these stars are frightened, often with some justification, that the one bit film they had in 1975 is likely to be the last.

The Working Party was quite blunt in its views. People in the film industry, it said, were well aware that "the high levels of British taxation generally tend to encourage certain young people of ability and ambition to seek their professional advancement in Hollywood or elsewhere abroad."

"We accept the fact that these problems are not peculiar to the film industry, but we wish to emphasise the seriousness of the situation. We also recognise the extreme difficulty facing the Chancellor in effecting a lowering of rates of taxation in the higher bands."

"The introduction of the proposed wealth tax could provide the opportunity to do this in an acceptable manner, however, and if this opportunity is not taken it is extremely difficult to see when in the foreseeable future it will be possible to implement rates of personal taxation at higher levels of income which would enable the U.K. to enlist and retain talent essential to the film and other industries."

And without people, there are no films.

## LABOUR NEWS

### Strikes may hit tinplate exports

BY LORELIES OLSLAVER, LABOUR STAFF

The British Steel Corporation warned yesterday that tinplate exports for the month of January might be hit because of a rash of strikes in its Welsh works over labour economies.

Five South Wales plants were by industrial action yesterday. The Port Talbot plant has been shut for 12 days because of a strike by 1,000 workers and two in the tinplate divisions—Glynneath and Velindre—were shut for the second day.

At Llanwern 500 men in the tinplate division staged a 24-hour stoppage to protest at BSC's lateral decision to abolish 11-paid week-end work, and all work stopped at the Machynys tinplate works near Llanelli after a strike by 300 men.

At Shelton, 600 members of the biggest steel union—the Iron and Steel Trades Confederation—did not turn up for work yesterday in protest against being used on Sunday.

Members of the Transport General Workers' Union and craft unions at Shelton failed to follow a recommendation from their union officers provisionally accept abolition of week-end shifts until the

## FNLA defeats bring Angola war to critical stage

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

WITH THE public admission by the Ford administration that the position of its major ally in Angola was serious, the civil war in the former Portuguese territory seems to be entering a new phase.

"The situation is serious, especially in the north, where Cuban forces have tanks and rocket-firing trucks," the State Department stated in Washington yesterday.

U.S. officials said it was obvious that forces without the type of equipment being used by the Cubans would have to retreat.

State Department officials were answering questions in the light of reports that Dr. Kissinger had called the U.S. African forces on the ground that the western-backed FNLA had "collapsed."

Privately, however, a very senior American official has conceded that the capture of key northern towns from the FNLA by the Soviet-backed MPLA in the past week had driven the Zaire-based movement back to the Zaire frontier.

Tactfully admitting that the FNLA might now be a spent force militarily, at least without major foreign support, the official declared that FNLA's partner, Unita, which is currently fighting along the South African border in the south and east, might soon be forced to retreat into the countryside and adopt guerrilla tactics.

The implications of the defeat of the FNLA and the apparent military weakness of Unita for American policy are considerable, although for the time being apparently not fully admitted in Washington.

Though still unready to admit any direct contact with the FNLA, the State Department is privately admitting that not only is the major support from Unita coming from South African forces on the ground but that this backing is almost certainly vital to Unita's continued ability to fight.

On the other hand, the apparent defeat of the FNLA in the north could well pose serious problems for Zaire, hitherto a lynch-pin in U.S. policy in central western Africa.

A defeat for the FNLA could provoke serious disaffection among the Bakongo, the main tribe both in northern Angola and southern Zaire, which could in turn lead to grave domestic problems for Zaire's President Mobutu.

Although at present there seems little likelihood of formal direct intervention by Zaire forces in the Angolan war, the government-controlled Zaire News Agency has already declared that an alleged attack by MPLA on the northern frontier town of Dilolo is a *coup de grace*. The Agency said that "Zaire's final decision (on the attack) is not yet known."

As far as can be judged, MPLA's current strategy appears to be to bring about the total defeat of the FNLA by capturing the two remaining towns near the border still held by FNLA.

In the east, an offensive is being mounted against the United Nations town of Luena on the Benguela railway, while Unita appears to be attempting to take Teixeira da Sousa, the eastern railway station held by MPLA.

Some progress was said to have been made at yesterday's meeting but there was a feeling that it would be difficult to set the details finalised before February 1.

The Knitting Industries Federation has told Mrs. Williams that it cannot recommend any knitted articles for inclusion in her selective price restraint scheme.

Director Mr. Alan Kershaw said in Nottingham that the Federation had been "under considerable pressure" from Mrs. Williams to nominate articles that would not increase by more than 5 per cent, but Mrs. Williams has been told that because of cost and wage increases it could not recommend her scheme.

## Economic Diary

and the money stock (mid-December). Basic rates of wages and normal weekly hours (December). Monthly index of average earnings (November). Sterling certificates and London dollar certificates of deposit (mid-December). Retail trade (December-prov.).

TUESDAY—Iron and Steel Trades Confederation meeting to discuss modified plan for steel industry. Mrs. Shirley Williams, Prices Secretary, at NFU annual dinner. Hilton CBI financial policy committee meets. Third quarter statistics for appropriation account of companies, net acquisition of financial assets, and financial accounts of industrial and commercial company sectors.

WEDNESDAY—Mr. Callaghan talks with West German Foreign Minister in Berlin. In-

land Revenue annual report White Paper. Monthly meeting of CBI council. Start of Concord scheduled passenger services to Bahrain. Consumers' expenditure (4th quarter).

THURSDAY—Mr. Callaghan to give British Government's reaction to Tindemans Report. Uebersee Club, Hamburg. Steel unions' formal reply to BSC plans. House of Commons debates reports from Select Committee on Public Accounts. Parliamentary Commission first report for 1976 White Paper. Price Commission report White Paper. Car and commercial vehicle production (December—annual). New vehicle registrations (December).

FRIDAY—Mr. Callaghan attends special meeting of NATO countries in Brussels. Car union men at industrial participation conference. Central London Polytechnic.

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If you do cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction. So you should not consider the Plan for less than five years. Higher-rate tax payers are advised not to stop payments or to cash in within ten years, for tax reasons.

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How to join. Complete the application form below and return it to us with your cheque for the first payment. The maximum starting age is 54 (women 58). If you are 50 or over, or want to save more than £20 per month, or cannot sign Part I of the Declaration, delete that part of the declaration and we will send you our standard proposal form.

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FULL FORENAMES

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PART II I agree that this declaration and any statements made by me in connection with this application shall be taken as true and correct and that I will accept the ordinary course of policy.

SIGNATURE

DATE

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## Civil servants 'won only 2.6% rise last year'

BY ROY ROGERS, LABOUR CORRESPONDENT

A ROW over civil servants' continued yesterday with a Shepherd, the Lord Privy Seal, hitting back at claims by James Data Service that he had made the words "inaccurate" on the side of last year's Civil Service pay increases.

Lord Shepherd, who recently told the Lords that the pay of 500,000 clerical civil servants had risen by an average of 2.6 per cent, said yesterday that James Data Service estimates of 1.5 per cent, and more were "inaccurate" and "could not be relied upon."

The Department of Employment confirmed last night that the total increase for civil servants last year, expressed on a 12-month basis and calculated on the total wage bill was 2.6 per cent. This included the 2.5 per cent 15-month agreement made in January, 1974, thresholds, increments and London allowances.

Civil servants have come under increasing attack recently over their pay increases, pension and security of employment as a situation which, it could have been avoided, if it had been checked with the Civil Service Department. The figures published on

## Receivers question value of holdings in building group

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

ORDINARY shareholders in the Northern Developments house-building group were yesterday told by Peat Marwick Mitchell, whose partners are acting as receivers to the company, that it would be unwise "at this stage" to place any material value on their holdings.

The receivers' comments accompanied the statement of affairs from Northern Developments' directors, which sets out their valuation of the group's assets at the time it went into receivership in June.

As it has already stated in response to Mr. Derek Barnes, the group's principal shareholder, Peat Marwick said that while the independent valuers had taken note of the directors' decision to value the group's land value by £2m, they did not feel able to support the increase.

In December, the receivers stated that the then draft statement of affairs would not have disclosed a surplus, but a substantial deficiency, had it not been for the increase in valuation.

While the independent valuers had treated certain sites as agricultural land, the directors had contended that planning permission should be forthcoming within two years and had, therefore, placed a development value on it.

The chartered surveyors had put the land value at £11.5m, to which the directors had added their £3m. Mr. Barnes, still chairing the group, said that he was playing an executive role by the receivers, has consistently maintained that there was no need for the company to be placed in receivership.

He did not, however, take any part in the preparation of the directors' valuation.

Mr. Rupert Nicholson, the joint receiver, reported yesterday that one of the group's subsidiaries, Pendle Homes, was now trading again and its building programme, which had been suspended by the receivers, was once again operational.

The statement of affairs also shows that the group has sold off 18 development sites which have realised £2.2m. At the end of November, another seven sites, worth about £265,000, were under offer.

The group is understood to have about 100 development sites mostly without planning permission. Considered as potential development prospects and given any significant upturn in the rate of house prices and house building, the land bank could form a base for its continuing operations. The prospects for any sizeable expansion of housing output, however, remain very uncertain.

## More price limit talks on Tuesday

By Elinor Goodman, Consumer Affairs Correspondent

THE CONFEDERATION of British Industry and the Retail Consortium are to meet Mrs. Shirley Williams, Secretary of Prices, again on Tuesday in a further attempt to agree on the implementation of the Government's plans to limit price rises on certain items to 5 per cent for six months from February 1.

A meeting yesterday again showed that while the CBI is broadly prepared to accept the Government's proposals as long as manufacturers have some assurance that their restraint is reflected in shop prices, the Retail Consortium still has serious reservations that the retail trade can accommodate such a plan at a time when margins are already under pressure and demand is dropping.

Some progress was said to have been made at yesterday's meeting but there was a feeling that it would be difficult to set the details finalised before February 1.

The Knitting Industries Federation has told Mrs. Williams that it cannot recommend any knitted articles for inclusion in her selective price restraint scheme.

Director Mr. Alan Kershaw said in Nottingham that the Federation had been "under considerable pressure" from Mrs. Williams to nominate articles that would not increase by more than 5 per cent, but Mrs. Williams has been told that because of cost and wage increases it could not recommend her scheme.

## BSC price rise plan rejected

THE BRITISH Steel Corporation was among 20 companies to have price increases rejected by the Price Commission in December.

The Corporation, which withdrew an application for an increase on a chemical product, failed to win clearance for a rise of 10.9 per cent on its iron products and a 19.84 per cent increase on steel forgings.

It announced yesterday a range of price increases affecting hot-rolled strip and coils used in car manufacture, but has resubmitted the applications made in December.

## IBC men's answer expected

Our Labour Staff

MEMBERS of the National Union of Journalists employed by the IBC will decide over the next 10 days whether to accept or reject a slightly amended offer set by the Corporation yesterday for their "unsocial hours" stance.

If they reject the offer, further industrial action may be called such as the one-day strike on November 29, which severely disrupted news and current affairs programmes.

The NUJ is seeking the imposition of a 24-hour news service in the Corporation who are working "unsocial hours."

## Government Chief Whip appeals to John Ryman

BY PHILIP RAWSTORNE

MR. BOB MELLISH, Government Chief Whip, yesterday broadcast an appeal to "missing" Labour MP Mr. John Ryman to contact him at the House of Commons. "I need his vote very badly," he said.

Mr. Ryman, MP for Blyth, who faces Court proceedings next month on alleged offences involving election expenses, has not attended the Commons for more than two months. His absence has meant that the Government's overall majority of

## Thorn workers to hear of tube talks failure

By Our Labour Staff

A MEETING of workers at the threatened Thorn Electrical Industries colour television tube factory at Skelmersdale, Lancashire, will be told to-morrow of the unsuccessful talks held yesterday between their shop stewards and the Department of Industry.

Mr. Gerald Kaufman, Minister for Industry, told the shop stewards, who accompanied Mr. Michael McNair, Labour MP for Skelmersdale, that it would be impossible to restructure the factory to save the 1,400 jobs affected by the closure.



# COMPANY NEWS + COMMENT

## Culter Guard midway loss £1.2m.

REFLECTING MASSIVE destocking, a low level of orders, and falling value of the pound in a period of inflation, Culter Guard Bridge Holdings, paper makers and converters, has run into a loss of £1.2m. in the half year ended September 30, 1975. The first half of 1974-75 produced a profit of £233,000 but there was a sharp reduction to £46,000 in the second six months of that year.

At the meeting in July the chairman Sir Donald Cameron warned that the half year's trading would show a loss making situation. He now explains that the difficulties the group had to contend with were accentuated by lack of demand for the quality papers in which the group specialises.

Sir Donald also announces that having reached 65 he is resigning from the chair. He is succeeded by Mr. Roger J. C. Fleming.

In an accompanying statement with the results Mr. Fleming in his capacity as the new chairman spells out the steps being taken to improve the group's situation, but warns holders that a complete recovery unlikely to be achieved in less than three years.

The number of employees has been reduced and administration and selling costs have been severely pruned and considerable savings will be made.

The sales and marketing team of the papermaking companies has been reorganised. In recent months the group has been steadily winning back the share of the overall market lost when a system of allocation had to be applied after the supply of raw materials was disrupted in 1974.

Mr. Fleming says that there are signs that customers are reaching the end of their destocking process and are already starting to order again. This is particularly apparent at Smith and McLaurin, which following a difficult half year has returned to profits and is making good progress.

Members are told that the group is at present operating within the facility provided by banks and is continuing to do so in the immediate future. The group is, however, having discussions about the longer-term financial requirements of the group, which will be closely linked with the upturn in the market which the chairman believes is now commencing.

There is no interim dividend for 1974-75, the interim of 1973-74, but no final.

Six months turnover £221,814,000, a decrease of 15% on £260,000,000. Profit £46,000, a decrease of 80% on £233,000. Dividend £1.00 per share.

See Lex

## Polly Peck backed on daily basis

The Stock Exchange listing of Polly Peck (Holdings), the property and women's fashion group, was temporarily suspended yesterday pending clarification of the company's financial position.

National Westminster, the group's bankers, has confirmed that the group's banking facilities will be continued on a "day to day" basis, but that the group's accountants to prepare a report on Polly Peck's affairs.

Polly Peck returned a loss of £100,000 for the six months to September 19, 1975, against £33,247. Although the fashion division made a profit of £72,036 (£118,177) the property division loss was £173,732 (£171,324).

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Culter Guard Bridge Int. Nil				
Diamond Stylus Int. 0.34		Feb. 27	0.35	1.75
Grange Trust Int. 0.91		March 6	1.00	1.47
Gordon & Gotch Int. 1.08		March 6	1.00	2.54
Lep Int. 0.63		Feb. 27	0.65	0.61
Peachey Property Int. 0.23		Feb. 27	0.25	0.17
Polly Peck Int. Nil				
Raeburn Investment Int. 2.1		Feb. 27	1.85	3.15
Websters Publications Int. 0.39		March 13	0.37	0.62

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. ↑ On capital increased by rights and/or acquisition issues.

## Peachey turns in £0.99m.

FOR THE year to June 24, 1975 pre-tax profit of Peachey Property Corporation advanced from £336,000 to £398,000, the figure for 1974 is after a £903,000 loss on share portfolio. At half-year the improvement was from £408,000 to £423,000.

Yearly earnings per 25p share are at 1.2p against 1p and the dividend is held at 0.25p net.

Net result Interest and div. etc. 2,326 2,326 Surplus on realisation of property, etc. 354 743 Surplus on realisation of property, etc. 354 743 Surplus on realisation of property, etc. 354 743

## Upturn at Websters Publications

PROFITS of Websters Publications, printers publishers and wholesale book distributors, increased from £384,000 to £424,000 in the year ended September 30, 1975, after a marginal rise from £131,000 to £160,000 in the first six months.

Earnings per 5p share are up from 2.10p to 2.48p. The dividend is held at 0.6125p.

## Some better signs for CMT

At the annual meeting of Central Manufacturing and Trading Group, chairman, Mr. N. N. Hickman, said the lower level of activity and the pressure on profit margins had been a feature of the first quarter of the current year, with turnover at a lower level.

## Downturn for Diamond Stylus

Turnover of Diamond Stylus Company declined from £14,174 to £13,527 in the year to September 30, 1975, against £13,527 in the year to September 30, 1974, compared with £17,061, before tax of £14,302 (£13,815).

## Results due next week

Next week's company news activity should reflect a good deal of interest from the market with such giants as Thorn Electrical, Rank Organisation, Grand Metropolitan, Rank Hotels and Tate and Lyle all set to announce figures.

Expectations for Thorn Electrical's interim profits due on Wednesday range from a virtual recovery at £20m to a partial recovery to previous peak profits at £23m, following last time's drop to £22m.

The strength over the recent period stems from consumer electronics, particularly TV, rental, while domestic appliances and lighting must have been unexciting across the board.

Grand Metropolitan's beer interests are sure to have given the group an extra boost during the hot summer and this would be after a 64 per cent. rise in profits from this area of the business at the interim stage. However, taking into account a depressed wine and spirits sector the forecast for final results due on Friday is for a comparatively modest pre-tax rise of around 16 per cent. to just over £28.5m, with interest charges having risen from £47m to over £53m.

Rank Xerox is still making all the headlines, with its new Xerox 8000, though this advance is mainly attributable to currency gains. The non-Xerox business is overall in a fairly steady state apart from a head of bright spots such as Butlin's, despite the cash boost provided by the offer for sale, say, though it will be substantial at say £20m. Profits are not the main preoccupation, however, for the market is probably more concerned with the possibility of an increase in the "A" shares and any Board changes which may be announced on Thursday alone with the results.

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the economy with the necessary wide spread of trading operations gave a measure of considerable stability in the prevailing circumstances.

## Lampa back in profit

TURNOVER of Lampa Securities was £52,157 for the six months to October 31, 1975, compared with £3,180,000, and pre-tax profit £190,283, against a loss of £775,254. Tax takes £54,442 (£213,562 credit).

There is again no interim dividend but subject to unforeseen circumstances, the directors consider it appropriate to resume payments at the end of the financial year. The last payments were for a 15-month period to April 30, 1975, during which 0.85p total was paid on 5p shares.

The results in 1974 included an exceptional items provision against the stock of Hugh Moss of £1.05m, and losses, realised and unrealised, in investments (totaling £250,186). The 1975 results do not include Lando (M/C), the sale of which was completed in December 1975, but do include a net dividend of £75,000 received from the company prior to disposal.

Measures to improve the profitability of Hugh Moss have been "successful" and the results include a profit from that company. The company has also contributed to the group's profit.

The company has come through a "difficult period" but is now in a stable and extremely liquid position and is capable of taking opportunities for profitable investments as they arise.

Lampa's share price has doubled in the past six months and it now looks as if some sort of dividend is likely for the full year. Allowance for stock write-downs and portfolio losses of £2.2m last year and the absence of a contribution from Lando in the current half (apart from £30,000 dividend payment), pre-tax profits from Hugh Moss are still depressed. Following the sale of Lando for a cash consideration of £743,000, bank borrowings have been much reduced and net assets have increased.

At April 1975 has improved a shade. It remains to be seen whether a similarly reliable source of earnings can be found in the future and on this point the shares at 118p are still in the dark.

## Hutchinson closes down loss-maker

Hutchinson, the printing and publishing group, has announced the closure of its troubled Flarepath division, which has been making losses for a number of years.

The estimated loss at Flarepath during 1975, including trading, redundancy, and closure costs, was £1.1m.

The record of the Save and Prosper Property Fund bears this out. But it is interesting to consider that property has reverted to its pre-1970 role as a conservative investment and that one of the major attractions to higher rate taxpayers is the tax-efficient 5 per cent. withdrawal option.

## LAWSON AMER.

Lawson Securities is also advertising the Lawson American Fund this week-end, with a minimum investment of £100. The underlying portfolio is invested mainly in a broad spread of high quality equities in the U.S. and Canadian markets. Accumulation units are available and there is a share exchange scheme.

The overall performance of the Lawson American Fund since it was acquired from Ansbacher last year has been disappointing, with a rise of only 3 per cent. against 20 per cent. in the Dow Jones average.

The managers, however, have no doubts about the long-term value of the fund, and have outperformed the DJ over the past three months, taking advantage of the recent take-off in the U.S. market.

Whether this will be sustained remains to be seen and interested investors should regard this fund as essentially a long-term investment.

## M & G PLAN

M & G Trust Assurance is launching a new version of its regular savings plan—the M & G Unit Trust Assurance Plan. This is designed to enable investors to get the maximum possible tax relief in the current tax year by backdating the start of the plan up to a maximum of 10 monthly payments. For example, an investor wishing to pay £10 per month (the minimum) can invest up to £100 now and have 10 payments backdated. The guaranteed life cover is 180 times the value of the plan at the time of investment.

The directors state that although profits have increased over last year, they still have not been able to pay a dividend for the first time since 1970. The group is making a "further significant advance" in the development of the computer business, with the investment of £500,000 in a new Burroughs Dual 4700 system for 17 stock-broking firms on the London Exchange.

Building work on the new £500,000 warehouse at Silvertown, East London, is progressing well to schedule. In addition, there are plans to spend a further £150,000 on improvements to the present Plaitow, East London, accommodation.

Regular repayment from 145p (80p) and assuming a 10% rise in the convertible loan owned subsidiary have contributed to the dividend.

Net asset value per share 144p (82p).

FOR THE year to November 1975, Raeburn Investment reports a decline in net assets from £1,121,272 to £986,581, a fall of 12.1% against £777,000 in 1974.

Earnings per 35p share shown to have fallen from 3.45p to 3.15p, net of £1,121,272 to £986,581, a fall of 12.1% against £777,000 in 1974.

Net asset value per share 144p (82p).

## UNIT TRUSTS

### Gartmore American unit offer

Gartmore Fund Managers are advertising Gartmore American Units this week-end. This is the latest fund in the Gartmore group and has a minimum investment requirement of £200 and a current estimated gross yield of 12 per cent. The charges are on a 5 per cent. initial 1 per cent. per annum basis and the portfolio is split between companies with large market capitalisations and those which are less well known. The former will account for approximately 75 per cent. while the latter will include U.S. regional stocks with growth potential.

Gartmore Investment managers around £350m. in investment trusts, unit trusts, insurance company, pension and other funds.

There is again no interim dividend but subject to unforeseen circumstances, the directors consider it appropriate to resume payments at the end of the financial year. The last payments were for a 15-month period to April 30, 1975, during which 0.85p total was paid on 5p shares.

The results in 1974 included an exceptional items provision against the stock of Hugh Moss of £1.05m, and losses, realised and unrealised, in investments (totaling £250,186). The 1975 results do not include Lando (M/C), the sale of which was completed in December 1975, but do include a net dividend of £75,000 received from the company prior to disposal.

Measures to improve the profitability of Hugh Moss have been "successful" and the results include a profit from that company. The company has also contributed to the group's profit.

The company has come through a "difficult period" but is now in a stable and extremely liquid position and is capable of taking opportunities for profitable investments as they arise.

Lampa's share price has doubled in the past six months and it now looks as if some sort of dividend is likely for the full year. Allowance for stock write-downs and portfolio losses of £2.2m last year and the absence of a contribution from Lando in the current half (apart from £30,000 dividend payment), pre-tax profits from Hugh Moss are still depressed. Following the sale of Lando for a cash consideration of £743,000, bank borrowings have been much reduced and net assets have increased.

At April 1975 has improved a shade. It remains to be seen whether a similarly reliable source of earnings can be found in the future and on this point the shares at 118p are still in the dark.

Hutchinson, the printing and publishing group, has announced the closure of its troubled Flarepath division, which has been making losses for a number of years.

The estimated loss at Flarepath during 1975, including trading, redundancy, and closure costs, was £1.1m.

The record of the Save and Prosper Property Fund bears this out. But it is interesting to consider that property has reverted to its pre-1970 role as a conservative investment and that one of the major attractions to higher rate taxpayers is the tax-efficient 5 per cent. withdrawal option.

Lawson Securities is also advertising the Lawson American Fund this week-end, with a minimum investment of £100. The underlying portfolio is invested mainly in a broad spread of high quality equities in the U.S. and Canadian markets. Accumulation units are available and there is a share exchange scheme.

The overall performance of the Lawson American Fund since it was acquired from Ansbacher last year has been disappointing, with a rise of only 3 per cent. against 20 per cent. in the Dow Jones average.

The managers, however, have no doubts about the long-term value of the fund, and have outperformed the DJ over the past three months, taking advantage of the recent take-off in the U.S. market.

Whether this will be sustained remains to be seen and interested investors should regard this fund as essentially a long-term investment.

M & G Trust Assurance is launching a new version of its regular savings plan—the M & G Unit Trust Assurance Plan. This is designed to enable investors to get the maximum possible tax relief in the current tax year by backdating the start of the plan up to a maximum of 10 monthly payments. For example, an investor wishing to pay £10 per month (the minimum) can invest up to £100 now and have 10 payments backdated. The guaranteed life cover is 180 times the value of the plan at the time of investment.

The directors state that although profits have increased over last year, they still have not been able to pay a dividend for the first time since 1970. The group is making a "further significant advance" in the development of the computer business, with the investment of £500,000 in a new Burroughs Dual 4700 system for 17 stock-broking firms on the London Exchange.

Building work on the new £500,000 warehouse at Silvertown, East London, is progressing well to schedule. In addition, there are plans to spend a further £150,000 on improvements to the present Plaitow, East London, accommodation.

Regular repayment from 145p (80p) and assuming a 10% rise in the convertible loan owned subsidiary have contributed to the dividend.

Net asset value per share 144p (82p).

FOR THE year to November 1975, Raeburn Investment reports a decline in net assets from £1,121,272 to £986,581, a fall of 12.1% against £777,000 in 1974.

Earnings per 35p share shown to have fallen from 3.45p to 3.15p, net of £1,121,272 to £986,581, a fall of 12.1% against £777,000 in 1974.

Net asset value per share 144p (82p).

Results due next week

Next week's company news activity should reflect a good deal of interest from the market with such giants as Thorn Electrical, Rank Organisation, Grand Metropolitan, Rank Hotels and Tate and Lyle all set to announce figures.

Expectations for Thorn Electrical's interim profits due on Wednesday range from a virtual recovery at £20m to a partial recovery to previous peak profits at £23m, following last time's drop to £22m.

The strength over the recent period stems from consumer electronics, particularly TV, rental, while domestic appliances and lighting must have been unexciting across the board.

Grand Metropolitan's beer interests are sure to have given the group an extra boost during the hot summer and this would be after a 64 per cent. rise in profits from this area of the business at the interim stage. However, taking into account a depressed wine and spirits sector the forecast for final results due on Friday is for a comparatively modest pre-tax rise of around 16 per cent. to just over £28.5m, with interest charges having risen from £47m to over £53m.

Rank Xerox is still making all the headlines, with its new Xerox 8000, though this advance is mainly attributable to currency gains. The non-Xerox business is overall in a fairly steady state apart from a head of bright spots such as Butlin's, despite the cash boost provided by the offer for sale, say, though it will be substantial at say £20m. Profits are not the main preoccupation, however, for the market is probably more concerned with the possibility of an increase in the "A" shares and any Board changes which may be announced on Thursday alone with the results.

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Mr. Christopher Goodall, the managing director of Gordon & Gotch, seen with a statuette of Mercury by Jean Bologne which is the company's symbol.

## Gordon & Gotch expect similar outcome

AN IMPROVEMENT in pre-tax profit from £322,000 to £438,000 was announced by Gordon & Gotch Holdings in the six months ended September 30, 1975. For the full year 1975-76 results are expected to be similar to the previous year's record of £513,133, the directors state.

They do not anticipate that second-half profits will be at the same level as the first, if only because the company is now at the initial low revenue earnings stage of its capital development programme.

The interim dividend is 1.0835p, net—half the maximum allowed—compared with an adjusted 1p. The 1974-75 total was equivalent to 2p.

The company exports periodicals, magazines, books, newspapers, etc.

Six months turnover £1,273,124, a decrease of 15% on £1,500,000. Profit £438,000, a decrease of 80% on £513,133. Dividend £1.00 per share.

## Raeburn Investment decline

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approaches which could be the prelude to a bid for its new 70 per cent.-owned Cathay Securities.

Company bid for	Value of bidder per share k	Market price k	Price before bidder (fm's) k	Value of bidder (fm's) k	Bidder	Final Acct'g date
Prices in pence unless otherwise indicated						
Anglo-Benardine Oilfields	75 <sup>a</sup>	71	64 <sup>a</sup>	5.75 <sup>a</sup>	Clyde Petroleum	9/2
Ashbourne Invrs.	20b	41 <sup>a</sup>	41 <sup>a</sup>	—	Cent. & Sheerud Trust	—
Bank Bridge	4 <sup>a</sup>	4	5 <sup>a</sup>	0.8	Tranwood	—
British School	24 <sup>a</sup>	22	26	2.5	Tranwood	—
Brown Bros.	17 <sup>a</sup>	16	16	1.1	Dana Corp.	—
Cesnock	260	265	240	1.9	McLeod Russel	—
Chancery Com.	370	363	27 <sup>a</sup>	4.9	Arbuthnot Latham	29/1
Clifton Inv.	41 <sup>a</sup> d	7 <sup>a</sup>	41	0.15 <sup>a</sup> d	Atlas Hldgs.	—
Clover Dairies	188 <sup>a</sup>	160	92	10 <sup>a</sup>	Nitro	—
Consolidated Tan	351	320	360	4.2	McLeod Russel	—
Court Hotels	50 <sup>a</sup>	52 <sup>a</sup>	33 <sup>a</sup>	1.3 <sup>a</sup>	B&O Secs.	—
First Tallisman. Inv.	61 <sup>a</sup>	7	5	0.75 <sup>a</sup>	Energy Finance and Gen'l.	—
Great Boulder	76d	76	70	41.7d	Western Mng.	—
Greenwald & Batley	40	36 <sup>a</sup>	38 <sup>a</sup>	0.6	York Trust	29/1
Gresham Hotel	135 <sup>a</sup>	135	—	1.1 <sup>a</sup>	Tumey's Hlts.	—
Hilgarte Optical	36 <sup>a</sup> d	39	35	0.3 <sup>a</sup> d	Rayline	—
Imperial Chemical	188	188	124	11 <sup>a</sup>	Barrat Devs.	—
Robinson Rentals	216d	205	195	7.9d	Granada	—
SA Distilleries	451d	440	380	7.7d	Otto Meester	—
Tea Hldgs.	452	385	330	4.1	James Finlay	—
Terracotta Reid	27 <sup>a</sup>	25	15	0.8	James Stuart	—
Trizance	74 <sup>a</sup>	7	64	0.4 <sup>a</sup> d	Cent. & Sheerud Trust	—
Walsley (Barry)	60 <sup>a</sup> d	59	37	1.6 <sup>a</sup> d	Beltit Cpn.	—
Washington Inv.	491	33	29	2.5	Elect. and Cable. Inv.	—
West Nile	432	385	330	2.9	James Finlay	—

<sup>a</sup> All cash offer. <sup>b</sup> Cash alternative. <sup>c</sup> Partial bid. <sup>d</sup> For capital not on ready hand. <sup>e</sup> Combined market. <sup>f</sup> Initialisation. <sup>g</sup> Based on 10/4/76 which seemed to indicate company to become operative. <sup>h</sup> Based on 16/4/76 based on 15/1/76. <sup>i</sup> At suspension. <sup>j</sup> Bid.

\* All cash offer. b Cash alternative. c Partial bid. d For capital not already held. e Combined market capitalisation. f Date on which scheme is expected to become operative. g Based on 16/1/78. k Based on 15/1/76. ‡ At suspension. † Bid.

Company	Year to	Pre-tax Profit (\$'000)	Earnings* per share (p)	Dividends* per share (p)
Union	Sept. 30	385 (568)	3.4 (6.2)	2.068 (2.068)
Steel Sprayders	Aug. 31	1,122 (189)	— (3.6)	Nil (2.57)
Steel Bar	Oct. 31	1,491 (260)	26.0 (8.7)	3.26 (4.88)
Metallum Eng'g & Bldg.	Oct. 31	142 (264)	2.7 (2.7)	1.121 (1.051)
Lead Group	Sept. 30	245 (284)	2.7 (2.7)	1.121 (1.051)
Whitworth & Pinar.	Sept. 28	212 (219)	1.4 (1.4)	0.8 (0.77)
China Clays	Sept. 30	16,646 (19,106)	5.9 (7.2)	2.217 (2.378)
Strive Engrs.	Sept. 30	1,000 (1,000)	1.0 (1.0)	0.778 (0.778)
Copper Cooper	Sept. 30	1,337 (2,157)	8.3 (12.6)	5.1 (5.6)
Seaton & Welch	Sept. 30	4,633 (4,745)	24.4 (31.7)	8.446 (7.914)
Sty's Foundries	Sept. 30	2,194 (1,120)	8.4 (5.0)	5.5 (2.48)
W. B. B. Co.	Sept. 30	Nil (Nil)	— (—)	2.688 (2.688)
Steel Group	Sept. 27	5,853 (6,448)	12.4 (12.4)	0.776 (0.776)
Smallshaw	Sept. 30	5 (130)	0.1 (5.0)	0.5 (1.888)
Engineering Clark Mfg.	Sept. 30	748 (576)	92 (88)	1.95 (1.95)
Chemical & Cold	Sept. 30	856 (852)	1.7 (3.7)	2.735 (3.5)
Advent Tr.	Sept. 30	2,982 (2,982)	2.982 (2.982)	1.4 (1.838)
Turner Mfg.	Sept. 27	1,179 (1,291)	9.0 (5.8)	3.225 (3.321)
Super Phosphate	Oct. 31	4,063 (3,076)	82.9 (26.3)	3.736 (3.321)
Phosphate	Oct. 31	1,468 (583)	4.1 (3.2)	3.288 (2.076)
W. B. B. Co.	Oct. 31	141 (415)	14.3 (3.7)	6.028 (6.583)
W. B. B. Co.	June 30	5,374 (7,757)	77.9 (102.4)	3.754 (5.018)

**Brentnall Beard (Holdings):** One-for-three at 55p each.  
**Ocean Transport and Trading:** One-for-four at 110p each.  
**F. H. Tomkins:** One-for-four at 10p each.  
**Weyburn Engineering:** Nine-for-four at par.

**H. C. Janes: Three-for-one.**

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Astra Securities	Oct 31	311 (1253)	0.233 (0.26)
Scott & May	Oct 31	95 (105)	0.704 (0.66)
Bankers' Group	Sept 30	19,616 (19,73)	0.321 (0.31)
Cleriff Group	July 31	97L	Nil (Nil)
Cliff Haven	Sept 30	26 (15)	— (—)
Crosch Group	Sept 30	237 (1242)	0.824 (0.828)
Donnybrook	Sept 30	21 (503)	2.13 (2.17)
Dixons Photo	Nov 8	2,716a (1,040)	0.72 (0.208)
D. B. Eastwood	Sept 26	4,073 (1,375)L	1.15 (1.03)
Express Services	Sept 30	74 (85)	0.2 (0.28)
Gateway Securities	Oct 30	690 (440)	0.375 (0.568)
General Finance	Sept 30	1,448	1.41 (1.5)
Glegg Robinson	Sept 30	2,029 (1,450)	1.95 (1.876)
Grangorsoll Group	Sept 30	155 (101)	— (—)
Imperial Timber	Sept 30	108 (2,882)	2.45 (2.55)
James Strand	Sept 30	1 (1,044)	1.6 (1.8)
Keith & Henderson	Nov 30	148 (150)	— (—)
Kimberly	Sept 30	160L (31)	Nil (10)
Kristrass Intnl.	Oct 31	1,596 (805)	0.993 (0.369)
Leeds Newmark	Sept 27	724 (606)	1.1 (1.5)
Melody Mills	Sept 30	273 (119)	— (—)
Mildland Capital	Sept 30	298 (254)	1.0 (0.875)
Nayck	Oct 25	1,785 (1,366)	0.824 (0.824)
Scott & Newcastle	Oct 26	17,142 (12,16)	1.0 (0.84)
Smith Wallis	Sept 30	141 (61)	1.0 (10)
Watling Knitting	Sept 30	155 (166)	0.43 (0.25)
W. J. Coombe	Oct 31	790 (325)	0.258 (0.27)
Wentland Priories	Sept 30	1,821 (1,281)	1.1 (1.19)
William Egan	Sept 30	3.6 (275)	0.95 (0.5)
J. Worthington	Sept 30	94 (71)	0.23 (0.24)
Wrightson	Sept 30	202 (202)	— (—)
Yesters Group	Sept 30	176 (219)	— (—)

\* Adjusted for any intervening scrip issue. † Percentage. ‡ For 3 months. § For 18 months. ¶ For 12 months. a For 23 weeks.

## BIDS AND DEALS

NEWLY REFLECTING inflationary pressures Arthur Guinness has been able to obtain the use of its borrowings during 1975 despite a considerable reduction on capital expenditure, the chairman the Earl of Chichester said.

September 27, 1975, outstanding capital commitments for the year ended 1975 were £4.85m. Of this total £7.44m. was cleared with £14.19m. has been cleared for, and £7.41m. (£4.9m.) is authorised but unutilised.

The chairman says that it is the policy of the company to continue to make necessary items to maintain its productive assets of any company, so that when conditions improve it will be poised to maximise trading advantage and opportunities.

During 1974-75 total expenditure and assets amounted to £21m. which £14.1m. relates to brewing. The company has added additional draught Guinness equipment and modernisation of the Dublin brewery, expansion of bottling in Dublin and expansion of the plant on brewing plant and bottling facilities at home and abroad.

A major part of expenditure has been on non-current assets, and on the general trading plastics groups. The acquisition of new and additional plant and subsidiaries increased assets by £3.4m. of which £1.1m. arises in the general trading group.

The September group profit in 1975 was £2.9m. compared with £2.2m. in 1974, on a turnover up from £20.16m. to £22.83m. The chairman explains that the increase is mainly due to overseas earnings. O.K. profits are not up as real terms are lower.

Members are told that considerable progress has been made in building up distribution facilities in the Continent. Arrangements in Germany and France will provide the opportunity to improve the group's position in the Continent, one of its major Continental markets.

The chairman says that it is encouraging that almost every one of the group's overseas operations shows growth and a satisfactory increase in total sales.

Referring to the expansion of Harp Lager sales Lord Iveagh explains that much the greatest growth occurred in Great Britain, where sales of draught Harp rose to additional levels. Harp in can has resumed its strong upward trend.

The latter stages of the Manchester Beer expansion programme have now been completed and the new extension opened. The Harp breweries were brewing 100,000 casks per week at the peak summer months of 1975 and proposals for further expansion have been put before the Harp Board.

Turning to the group's confectionery activities the chairman says that recognition is now beginning to bear fruit, in a number of the group's lower levels, are meeting growing con-

sumer resistance, the group's market share and volume, both at home and abroad, are increasing.

Barring any further adverse external influences on this business the chairman is hopeful of a significant improvement in the current year in confectionery profits.

The group balance sheet shows that loans during the year rose from £37.77m. to £45.24m. Overdrafts showed a reduction from £25.05m. to £15.05m. The net inflow of liquid funds of £2.4m. compared with an outflow of £2.6m.

At Park Royal Brewery, N.W. February 10 at 2.45 p.m.

## Encouraging start for Carr's Milling

In the first quarter of the current year results of Carr's Milling Industries were most encouraging, which was a most encouraging start, chairman Mr. Ian Carr said at the annual meeting.

The chairman said that the first six months should be satisfactory, but the group was dependent upon so many variable factors that it was impossible to forecast results for the second half.

However, the flour mill was in a stable position; and on the balance the chairman said the picture was encouraging.

In the first quarter of the current year results of Carr's Milling Industries were ahead of last year, which was a most encouraging start, chairman Mr. Ian Carr said at the annual meeting.

Clearly the results for the first six months should be satisfactory, but the group was dependent upon so many variable factors that it was impossible to forecast results for the second half.

However, the flour mill was in a stable position and on the animal feeding side the picture was encouraging.

## BY MARGARET REID

The Crown Agents' 24.6 per cent share stake in Stanley Glass International, the stamp selling concern, has been used through a placing in which the holding has been dispersed among a number of investors.

The price of the placing of the 500,000 shares, was 81p, somewhat over yesterday's unchanged market price of 74p. None of the shares will have a much higher price than £1. The deal brings some £500,000 cash, and a profit of around £100,000 to the Agents. The placing is for the acquisition of the office is thought to have been £400,000.

The bulk of the interest, some 100,000 shares, was bought in 1970, and the rest added later. The purchase took place against the background of the Agents' handling of contracts for the production of stamps for governments which are its clients, and of its activity in handling shares for collectors.

Over the year and a quarter, however, the Agents' investment policy has been revised substantially, following involvement in property and company investing in the new Board, headed by Mr. John

Cuckney, a number of holdings have been sold. The share stake in Stanley Gibbons is considered to be an asset added in with the new more restrictive investment policy now being followed.

It is understood that the Agents will, as hitherto, treat trade with Stanley Gibbons as normal and other matters will be no change in the existing arrangement under which Stanley Gibbons' New York subsidiary will be the agent for the Crown Agents.

With the sale of the Agents' share stake, Mr. Cuckney has resigned from the Stanley Gibbons Board.

## FULL OFFER FOR EMU WINE

Following an announcement earlier this month that Beit Bros Holdings (a subsidiary of Western Australian Worsted and Woolen Mills) had acquired 33.33 per cent of Kana Wine, with the disclosures were in progress for making a full scale bid, terms of 142p cash per share have now been announced. The offer places a value of £23.1m on the 100,000 marketable shares and its own label throughout Aust-

ralia, Canada and certain other

Consents for the bid from the Bank of England and the Reserve Bank of Australia have been sought.

Following the bid, which became obligatory under the City Code of Take-overs and Mergers, the Board of Western Australian expects to expand the business and retain existing staff.

## CHADSDLEY APPROACHED

Chadsdley Investments, the property investment and development group in which First National Developments (a subsidiary of First Finance Finance Corporation) holds a 25 per cent stake, has received approaches which may result in an offer being made for the company of 100 pence per share. Chadsdley shares ended 1p higher on the news at 7p; the shares also rose 1 1/2p the previous day.

Chadsdley made a loss for the year ended March 31, 1975, of £138,425 before extraordinary items of £283,000. The auditor's report was also qualified with reservations about the valuation of the property portfolio.

***The City's fortnightly investment magazine***

Two months ago we told you that former City Press editor and financial broadcaster RICHARD LAMB would now on be making his investment advice available exclusively in INVESTORS REVIEW. How did he do it? Well, on November 28 he recommended three Slater Walker loan stocks, suggesting that the 91% stock might soon be redeemed at par. True to his words, it was repaid at £100%—a profit to readers who took Lamb's advice of 70% in two months.

Now we want to announce another new name at INVESTORS REVIEW. We are bringing to you the Financial Times for many years now, its retirement just over a month ago. LESLIE PARKER has now joined INVESTORS REVIEW as special mining correspondent. Next month he is off on a trip to South Africa and Australasia reporting back once a fortnight.

**READ LESLIE PARKER every fortnight in INVESTORS REVIEW.**

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Seven selected funds to choose from.**

- PIMS** means 10 major advantages:
- 1** *Active, professional management* in a choice of 17 specialist funds.
- 2** *International diversification* through overseas funds, which largely avoid the risks and problems of the \$ Frankfurt.
- 3** *Capital preservation* and the reduction of risk is considered as an important part of the Schlesinger management approach, as well as the normal aims of *tax-efficient* income and capital growth.
- 4** *Personal service and continuing involvement* for investors and professional advisers through our Client Liaison and Professional Services Departments, as well as:
- 5** *Detailed portfolio reports and valuations* sent out bi-weekly showing the up-to-date situation, and
- 6** *Invitations* to both clients and their professional advisers to meet the managers at regular PIMS meetings throughout the country.
- 7** *The tax advantages* of a unit trust investment.
- 8** *The benefits of a share exchange plan.*
- 9** *You benefit from the lower Stock Exchange commission* paid by the Fund. Even if you are not an investor in the PIMS Fund, it is usually cheaper than direct equity investment.
- 10** *Less worry and less administration:* your investments are constantly supervised by Schlesingers' experienced team of



**U.K. Growth PIMS**  
 (Linked to the Trident U.K. Growth Fund)

This fund is aimed at capital growth in a concentrated portfolio of quality U.K. equities. The managers follow an active policy of cash management, on a conservative basis, and move into cash or gilts when the equity market is considered to involve above average risk.



FINANCIAL TIMES  
SHARE INDEX

## Market Leaders PIM

(Linked to the Trident Market Leaders Fund)

This fund which is being launched in January, will remain fully invested in leading companies at all times. In the short term, however it is likely to move in line with the U.K. market indices; although in the medium to long term the objective is to achieve better results than the indices. The managers reserve the right to introduce some liquidity into the portfolio in an established "bear market" in the future. The fund, therefore, suits the investor who wishes to pursue his own capital management policy.

**Income PIMS**  
(Linked to the Tlident Income Fund)  
We believe that a soundly based Income fund aims not only to provide a reasonably high Income today, but also an increasing Income in the future to meet the ever rising cost of living.  
By avoiding a commitment to the highest possible return now we believe we can not only achieve greater capital protection, but also real prospects of future growth.  
Since its launch in June 1969 the Fund's Increase in Income has considerably outstripped the Retail Price Index and the Fund has also shown a substantial appreciation.

## International PIMS

(Linked to the Trident International Growth Fund)  
Schlesingers strongly recommend that, in the current economic climate, at least 40% of a family's assets should be invested overseas. International PIMS provides a spread of quality international equities through a fund which substantially avoids the risks of the dollar premium through back-to-back currency facilities.

The fund currently emphasises the U.S.A., where Schlesingers are particularly bullish for stockmarket prospects in 1978, but also provides a spread including Japan, Germany, U.K., Hong Kong, South Africa and Australia.

## American PIMS


(Linked to the Trident American Growth Fund)

The U.S. economy is the largest and most diversified in the free world; both political parties and the labour unions are committed to a capitalist economy; the U.S.A. is self-sufficient in food; many basic raw materials are over 50% self-sufficient; the U.S.A. has a relatively low inflation rate; a strong currency, a positive balance of payments and sound corporate earnings. This adds up to a highly secure portfolio investment, and we look forward to a substantial rise in the U.S. stock market during the next 10 to 15 years.

One again this fund substantially avoids exposure to the dollar premium.

**0%**  
**'Nil Yield' PIMS**  
(Linked to the Tridren 'Nil Yield' Fund)  
Specifically designed for the Higher Rate taxpayer, trustees, children's investments and Capital Transfer Tax planning, 'Nil Yield' PIMS aims to maximise net returns through a capital gain rather than income.

The composition of this fund is, therefore, aimed to minimise volatility and protect capital whilst aiming at a higher return (by way of total appreciation) than the return available on fixed interest deposits.

 **Jersey PIMS**

Jersey PIMS is linked to the Schlesinger International Fund (Jersey) Limited – a company quoted on the London Stock Exchange with

several characteristics of a unit trust including daily pricing and dealing. The Fund's portfolio is similar to that of the Trident International Growth Fund and foreign currency borrowing facilities are used once again. Prospectuses, on the basis of which alone investment may be made, can be obtained from Schlesinger Fund Managers (Jersey) Limited, P.O. Box 197, 12 The Esplanade, St Helier, Jersey, Channel Islands.

**Find out more about PIMS**

During 1975, private investors placed over \$12 million net in Schlesingers' PIMS - over 90% of which was on the recommendation of their professional advisers. If you would like more details of the service and any specific funds, please return the coupon.

We will send you full information together with specimen PIMS portfolio reports.

To discuss your personal requirements in detail, please contact Ian Forsyth on 01-408 3700 or at our *Head Office address*.

☐ U.K. Growth PIMS      ☐ Income PIMS      ☐   
☐ Market Leaders PIMS      ☐ International PIMS      ☐   
 Name \_\_\_\_\_   
 Company " " \_\_\_\_\_   
 Address \_\_\_\_\_   
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\*If applicable.

**exclusive to**  
**SCHLESINGER**  
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19 Handover Square, London W1R 9DA. Tel: 01-734 7500  
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Not applicable to Eire.



# WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

## Rally resumed: up 18 on week

BY OUR WALL STREET CORRESPONDENT

SPILLERS PROFIT-TAKING was absorbed on Wall Street to-day, and the New Year's rally was again resumed after some portfolio switching.

After opening another 2.60 off at 921.91, the Dow Jones Industrial Average moved up to 929.83, equal to its 1975 peak, and making a net rise of 5.13 on the week, 18.50 on the week and 77.23 since the New Year. The NYSE Common Index, at \$51.41, rose 22 cents on the day and \$1.12 on the week. But the trading volume dropped 12.51 m. shares to 25.94 m., compared with the all-time high of \$5.43 m. recorded yesterday.

The Stock Market appeared to be sustaining its upward thrust of recent sessions based on abating inflation and an improving economy.

First National City Bank of New York cut its prime rate to 6.5 per cent from 7 per cent. After the close, the Federal Reserve Board lowered the discount rate to 5.5 per cent from 6 per cent.

IBM rose \$2 to \$342 after coming in with higher earnings, while Burroughs jumped \$41 to \$97 also on improved earnings.

Owens-Corning Fiberglas added \$13 at \$32 also had improved results. Technicare picked up

another \$2 to \$28-1/2 forecast higher profits.

Amstar rose \$1 to \$37, despite lower profits.

The American SE Market Value Index moved up 65 to \$2.65, making an advance of 3.23 on the week. Advances outnumbered declines by 391 to 274.

Canada higher

Further gains were scored on Canadian Stock Markets yesterday.

The Industrial Share Index rose 0.65 to 183.77. Base Metals 0.89 to 79.30, Western Oils 1.68 to

209.33, Utilities 0.2 to 133.14 and Bank 0.53 to 244.26. But Papers eased \$17 to 100.30 and Golds shed 0.24 to 251.56.

OTHER MARKETS

PARIS - Most sectors lost ground. But Banks, Oils and Chemicals gained, while Construction was mixed.

Americans down. Germans, Dutch and Swedes weakened. International Oils mixed.

BRUSSELS - Mostly lower after slow trading. Steels eased, Holdings mostly steady. Chemicals mixed. Oils modestly higher. Electricals and Utilities irregular.

U.S. shares eased. South African Golds mixed. French stocks lower. German stocks lost ground. Dutch indices eased.

AMSTERDAM - Mixed to lower. Dutch Internationals eased. Banks and Insurance were generally higher. Plantations and Stores mixed. While Shipings fell.

Public Bonds up on up to 107.75. Convertible Loan traded on its first day at 107.75.

GERMANY - Broadly lower on profit-taking.

Stocks weakened. Electricals lower. Chemicals mostly off. Motors lower. Machine Makers mostly steady. Steels mixed to lower.

Public Bonds up on up to 107.75. Convertible Loan traded on its first day at 107.75.

MILAN - Irregularly higher on renewed interest.

Banks generally higher. Insurance, Oils, Industrials and Shipings quiet.

VIENNA - Mixed trend.

COPENHAGEN - Irregularly lower in active trading.

SWITZERLAND - Mixed in active trading.

Banks and Financials steady. Insurance, Industrials and Chemicals mixed.

Dollar stocks generally eased. Dutch Internationals and Germans also included easier.

HONG KONG - Sharp advance in active trading.

TOKYO - Rise continued on active selective buying. Volume 480 m. shares.

"Big Capital" shares and Blue Chips led the advance.

Paper-Pulp and Pharmaceutical firms.

ALGERIA - Gold shares were easier, as were Financial Minings. Coppers steady.

Industrials shade higher in active trading.

ALGERIA - Week ended on a strong note, with Uranium again actively sought.

PANAMA - Further advanced 46 cents to \$410.30 and 100 shares to \$41,000. Cents to \$4.45. Kathleen were up 3 cents to \$41.68.

## OVERSEAS SHARE INFORMATION

NEW YORK			Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15		
Stock			Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15	Stock		Jan. 16	Jan. 15
Adelphi			89	89	Coca-Cola			49 1/2	49 1/2	Coca-Cola			49 1/2	49 1/2	Coca-Cola			49 1/2	49 1/2	
Aetna			24 1/2	24 1/2	Coca-Cola			49 1/2	49 1/2	Coca-Cola			49 1/2	49 1/2	Coca-Cola			49 1/2	49 1/2	
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## ENTERTAINMENT GUIDE

## OPERA &amp; BALLET

**ROYAL OPERA HOUSE** 101-256 21611.  
Tonight 7.30. Tuesday 8.00. Wednesday 8.00.  
The Royal Opera House, Covent Garden, London.  
Tonight 7.30. Tuesday 8.00. Wednesday 8.00.  
The Royal Opera House, Covent Garden, London.

## THEATRES

**THEATRE ROYAL** 101-256 21611.  
Tonight 7.30. Tuesday 8.00. Wednesday 8.00.  
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## CHESS BY LEONARD BARDEN

## On to Moscow

RESULTS ACHIEVED in the European championship qualifying decider in Holland and in the Hastings Premier which finished this week between them. The current strengths and limitations of leading British players. England could afford a 7-0 defeat by Holland in the European final in Moscow. In the event, the score was 8-6 against a full strength Dutch team which finished fifth in last year's chess olympics in Nice. An eight-a-side competition such as the European championship is a favourable setting for England; though lacking any strong grandmasters, the team has more strength in depth than ever before. The team's average age is under 25 and the youngest of any major chess country, which implies there is a good chance they will improve further before the important Moscow finals. Even the bottom boards, though without formal international titles, are clearly of master strength; for instance, Simon Webb and Webb to Flushing defeated the International master Kujpers who had one of the highest percentages in the Nice olympics. Where our players are yet to make a breakthrough is against the top 50-100 world professionals who play regularly on the international circuit or in the powerful USSR tournaments. This has been demonstrated once again in the first half of the Hastings Premier which has continued the lacklustre pattern of the Alexander Memorial tournament with large numbers of draws among the grandmasters and little impact by the home players. The Birmingham tournament, held regularly at Easter since the middle 1950s, has enabled Simon Webb and Webb to qualify for international title norms. Last year Birmingham was supported by Zetters International Pools who have also backed the current Hastings Premier. The Hastings Premier is a useful training ground for our young players that if it falls to take place there is sure to be a game like this week's, where a leading Dutch grandmaster is beaten, owes much to the early opportunities which White, J. H. Donner (Holland) Black, A. J. Miles (England), Benko Gambit (European team championship 1975).

The opening moves were 1 P-K4, N-K3, 2 P-K4, N-K3, 3 P-K4, N-K3, 4 P-K4, N-K3, 5 P-K4, N-K3, 6 P-K4, N-K3, 7 P-K4, N-K3, 8 P-K4, N-K3, 9 P-K4, N-K3, 10 P-K4, N-K3, 11 P-K4, N-K3, 12 P-K4, N-K3, 13 P-K4, N-K3, 14 P-K4, N-K3, 15 P-K4, N-K3, 16 P-K4, N-K3, 17 P-K4, N-K3, 18 P-K4, N-K3, 19 P-K4, N-K3, 20 P-K4, N-K3, 21 P-K4, N-K3, 22 P-K4, N-K3, 23 P-K4, N-K3, 24 P-K4, N-K3, 25 P-K4, N-K3, 26 P-K4, N-K3, 27 P-K4, N-K3, 28 P-K4, N-K3, 29 P-K4, N-K3, 30 P-K4, N-K3, 31 P-K4, N-K3, 32 P-K4, N-K3, 33 P-K4, N-K3, 34 P-K4, N-K3, 35 P-K4, N-K3, 36 P-K4, N-K3, 37 P-K4, N-K3, 38 P-K4, N-K3, 39 P-K4, N-K3, 40 P-K4, N-K3, 41 P-K4, N-K3, 42 P-K4, N-K3, 43 P-K4, N-K3, 44 P-K4, N-K3, 45 P-K4, N-K3, 46 P-K4, N-K3, 47 P-K4, N-K3, 48 P-K4, N-K3, 49 P-K4, N-K3, 50 P-K4, N-K3, 51 P-K4, N-K3, 52 P-K4, N-K3, 53 P-K4, N-K3, 54 P-K4, N-K3, 55 P-K4, N-K3, 56 P-K4, N-K3, 57 P-K4, N-K3, 58 P-K4, N-K3, 59 P-K4, N-K3, 60 P-K4, N-K3, 61 P-K4, N-K3, 62 P-K4, N-K3, 63 P-K4, N-K3, 64 P-K4, N-K3, 65 P-K4, N-K3, 66 P-K4, N-K3, 67 P-K4, N-K3, 68 P-K4, N-K3, 69 P-K4, N-K3, 70 P-K4, N-K3, 71 P-K4, N-K3, 72 P-K4, N-K3, 73 P-K4, N-K3, 74 P-K4, N-K3, 75 P-K4, N-K3, 76 P-K4, N-K3, 77 P-K4, N-K3, 78 P-K4, N-K3, 79 P-K4, N-K3, 80 P-K4, N-K3, 81 P-K4, N-K3, 82 P-K4, N-K3, 83 P-K4, N-K3, 84 P-K4, N-K3, 85 P-K4, N-K3, 86 P-K4, N-K3, 87 P-K4, N-K3, 88 P-K4, N-K3, 89 P-K4, N-K3, 90 P-K4, N-K3, 91 P-K4, N-K3, 92 P-K4, N-K3, 93 P-K4, N-K3, 94 P-K4, N-K3, 95 P-K4, N-K3, 96 P-K4, N-K3, 97 P-K4, N-K3, 98 P-K4, N-K3, 99 P-K4, N-K3, 100 P-K4, N-K3, 101 P-K4, N-K3, 102 P-K4, N-K3, 103 P-K4, N-K3, 104 P-K4, N-K3, 105 P-K4, N-K3, 106 P-K4, N-K3, 107 P-K4, N-K3, 108 P-K4, N-K3, 109 P-K4, N-K3, 110 P-K4, N-K3, 111 P-K4, N-K3, 112 P-K4, N-K3, 113 P-K4, N-K3, 114 P-K4, N-K3, 115 P-K4, N-K3, 116 P-K4, N-K3, 117 P-K4, N-K3, 118 P-K4, N-K3, 119 P-K4, N-K3, 120 P-K4, N-K3, 121 P-K4, N-K3, 122 P-K4, N-K3, 123 P-K4, N-K3, 124 P-K4, N-K3, 125 P-K4, N-K3, 126 P-K4, N-K3, 127 P-K4, N-K3, 128 P-K4, N-K3, 129 P-K4, N-K3, 130 P-K4, N-K3, 131 P-K4, N-K3, 132 P-K4, N-K3, 133 P-K4, N-K3, 134 P-K4, N-K3, 135 P-K4, N-K3, 136 P-K4, N-K3, 137 P-K4, N-K3, 138 P-K4, N-K3, 139 P-K4, N-K3, 140 P-K4, N-K3, 141 P-K4, N-K3, 142 P-K4, N-K3, 143 P-K4, N-K3, 144 P-K4, N-K3, 145 P-K4, N-K3, 146 P-K4, N-K3, 147 P-K4, N-K3, 148 P-K4, N-K3, 149 P-K4, N-K3, 150 P-K4, N-K3, 151 P-K4, N-K3, 152 P-K4, N-K3, 153 P-K4, N-K3, 154 P-K4, N-K3, 155 P-K4, N-K3, 156 P-K4, N-K3, 157 P-K4, N-K3, 158 P-K4, N-K3, 159 P-K4, N-K3, 160 P-K4, N-K3, 161 P-K4, N-K3, 162 P-K4, N-K3, 163 P-K4, N-K3, 164 P-K4, N-K3, 165 P-K4, N-K3, 166 P-K4, N-K3, 167 P-K4, N-K3, 168 P-K4, N-K3, 169 P-K4, N-K3, 170 P-K4, N-K3, 171 P-K4, N-K3, 172 P-K4, N-K3, 173 P-K4, N-K3, 174 P-K4, N-K3, 175 P-K4, N-K3, 176 P-K4, N-K3, 177 P-K4, N-K3, 178 P-K4, N-K3, 179 P-K4, N-K3, 180 P-K4, N-K3, 181 P-K4, N-K3, 182 P-K4, N-K3, 183 P-K4, N-K3, 184 P-K4, N-K3, 185 P-K4, N-K3, 186 P-K4, N-K3, 187 P-K4, N-K3, 188 P-K4, N-K3, 189 P-K4, N-K3, 190 P-K4, N-K3, 191 P-K4, N-K3, 192 P-K4, N-K3, 193 P-K4, N-K3, 194 P-K4, N-K3, 195 P-K4, N-K3, 196 P-K4, N-K3, 197 P-K4, N-K3, 198 P-K4, N-K3, 199 P-K4, N-K3, 200 P-K4, N-K3, 201 P-K4, N-K3, 202 P-K4, N-K3, 203 P-K4, N-K3, 204 P-K4, N-K3, 205 P-K4, N-K3, 206 P-K4, N-K3, 207 P-K4, N-K3, 208 P-K4, N-K3, 209 P-K4, N-K3, 210 P-K4, N-K3, 211 P-K4, N-K3, 212 P-K4, N-K3, 213 P-K4, N-K3, 214 P-K4, N-K3, 215 P-K4, N-K3, 216 P-K4, N-K3, 217 P-K4, N-K3, 218 P-K4, N-K3, 219 P-K4, N-K3, 220 P-K4, N-K3, 221 P-K4, N-K3, 222 P-K4, N-K3, 223 P-K4, N-K3, 224 P-K4, N-K3, 225 P-K4, N-K3, 226 P-K4, N-K3, 227 P-K4, N-K3, 228 P-K4, N-K3, 229 P-K4, N-K3, 230 P-K4, N-K3, 231 P-K4, N-K3, 232 P-K4, N-K3, 233 P-K4, N-K3, 234 P-K4, N-K3, 235 P-K4, N-K3, 236 P-K4, N-K3, 237 P-K4, N-K3, 238 P-K4, N-K3, 239 P-K4, N-K3, 240 P-K4, N-K3, 241 P-K4, N-K3, 242 P-K4, N-K3, 243 P-K4, N-K3, 244 P-K4, N-K3, 245 P-K4, N-K3, 246 P-K4, N-K3, 247 P-K4, N-K3, 248 P-K4, N-K3, 249 P-K4, N-K3, 250 P-K4, N-K3, 251 P-K4, N-K3, 252 P-K4, N-K3, 253 P-K4, N-K3, 254 P-K4, N-K3, 255 P-K4, N-K3, 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N-K3, 568 P-K4, N-K3, 569 P-K4, N-K3, 570 P-K4, N-K3, 571 P-K4, N-K3, 572 P-K4, N-K3, 573 P-K4, N-K3, 574 P-K4, N-K3, 575 P-K4, N-K3, 576 P-K4, N-K3, 577 P-K4, N-K3, 578 P-K4, N-K3, 579 P-K4, N-K3, 580 P-K4, N-K3, 581 P-K4, N-K3, 582 P-K4, N-K3, 583 P-K4, N-K3, 584 P-K4, N-K3, 585 P-K4, N-K3, 586 P-K4, N-K3, 587 P-K4, N-K3, 588 P-K4, N-K3, 589 P-K4, N-K3, 590 P-K4, N-K3, 591 P-K4, N-K3, 592 P-K4, N-K3, 593 P-K4, N-K3, 594 P-K4, N-K3, 595 P-K4, N-K3, 596 P-K4, N-K3, 597 P-K4, N-K3, 598 P-K4, N-K3, 599 P-K4, N-K3, 600 P-K4, N-K3, 601 P-K4, N-K3, 602 P-K4, N-K3, 603 P-K4, N-K3, 604 P-K4, N-K3, 605 P-K4, N-K3, 606 P-K4, N-K3, 607 P-K4, N-K3, 608 P-K4, N-K3, 609 P-K4, N-K3, 610 P-K4, N-K3, 611 P-K4, N-K3, 612 P-K4, N-K3, 613 P-K4, N-K3, 614 P-K4, N-K3, 615 P-K4, N-K3, 616 P-K4, N-K3, 617 P-K4, N-K3, 618 P-K4, N-K3, 619 P-K4, N-K3, 620 P-K4, N-K3, 621 P-K4, N-K3, 622 P-K4, N-K3, 623 P-K4, N-K3, 624 P-K4, N-K3, 625 P-K4, N-K3, 626 P-K4, N-K3, 627 P-K4, N-K3, 628 P-K4, N-K3, 629 P-K4, N-K3, 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**T-U-V**

Wagon Finance (25c) 30  
West of England Tr. (25c) 27 1/2 (15:19)  
Western Selection Dev. (20c) 30

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DATE: 2-4-1981

PAGE: 8

Joy  
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Kali  
Kali

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Principal Inv. Tst. Dfd. (25p) 136 7 (14/1).  
 pcLn. 85p 40  
 (13-1), Cap. Ln. 64 34

Devon Invest. (25p) 77½ 6½ 7½  
rts. 20½ 19½ B (25p) 71  
Invest. (25p) 92½ 2. 4pcDb. 70½  
5/11. 51pcDb. 86½  
B H South (SA0.50) 188 (14'1)  
Emperor Mines (SA0.10) 72 (14'1)  
Great Boulder Mines (SA0.10) 75  
MIM Higgs. (SA0.50) 228½ 7

Invest. Income (50p) 29 (15/1)  
 Total (10p) 4 3/4 (13/1)  
 Div. Holdings (10p) 22 (12/1)  
 Div. Invest (50p) 1987 9 1/2 (15/1)

...and the other is the fact that the system is not self-correcting. The system is not self-correcting because the system is not self-correcting.

Amalg. Tin Nigeria (Hids.) 123p 45¢ 6¢  
Bischi Tin (10p) 5

Gen. Cons. Invest. Trst. 51:00P1.  
Southend Stadium Pfd. 0100

Land General Developments (15p) 45L  
 (15/1) A (15p) 20

1. *Journal of Management Studies*, 1991, 28, 1, 1-14.

**ON THE WEEK—**

Jan. 20	Feb. 2	Apr. 14	Apr. 28	GEC and British
Feb. 3	Feb. 16	Apr. 29	May 11	No "puts" were re "doubles" were

14. DATE OF BIRTH 17 JAN 1941 NEW YORK, NY, USA

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## STOCK EXCHANGE REPORT

## Long-dated Gilts good under the lead of new 'tap'

### Equities overshadowed but steady—Index eases 0.1 to 403.2

Account Dealing Dates			
Option			
*First Declara-	Last Account		
Dealings	tions	Dealings	Day
Dec. 29	Jan. 8	Jan. 9	Jan. 20
Jan. 12	Jan. 22	Jan. 23	Feb. 3
Jan. 26	Feb. 5	Feb. 6	Feb. 17

The debut of the new medium-/long Gilt-edged "tap" stock provided the main interest in stock markets yesterday. Speculation that the Government might issue \$100 million of such securities last cent., 1980, had been subscribed for almost as heavily as the accompanying shorter issue, which subsequently failed to operate as a "tap," ensured a premium on the tap, secured by the Treasury's subscription and, with the Government broker apparently sealing down his stock releases to unusually small quantities, the price rose to 97½, or 1½ premium, and continued the upward trend. The market was also development which could soon see the stock's exhaustion. Selected high-coupon issues of slightly longer maturity also advanced sharply, notably the 1981-82 Treasury 12½ per cent., 1983, gaining ¼ to 92½; remaining bonds were seldom more than ¼ higher but retained their popularity, especially those on the December Trade figures. Meanwhile, the shorts came easier through switching into longer maturities; sentiment also responded to the buoyant market while the new issue Treasury 9½ per cent., 1980, "A" which held at the issue price of 83½, was being digested. The December 3.50 p.m. announcement of better-than-expected sales in Aluminum Lending Rate and U.S. Prime rates made no great impression.

Equity markets were overshadowed by Gilt-edged and the 3.50 p.m. announcement of better-than-expected sales in Aluminum figures met with a rather muted response. Nevertheless, the late trend in the leaders was slightly

better and the FT-30-share index, which was 1.1 down at 3 p.m., closed only a net 0.1 lower at 403.2. Over the week the index hardened 1.6. The  $\frac{1}{2}$  per cent. reduction in Minimum Lending Rate to  $10\frac{1}{2}$  per cent. was thought to have been well discounted, while the increase in the Retail Price Index had little impact on sentiment and movements throughout the day were within narrow limits.

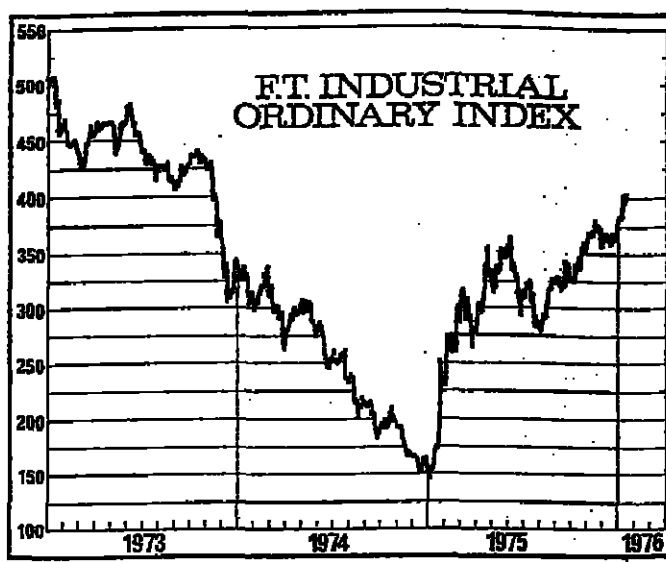
Second-line equities, however, continued to attract selective buying. Rises led falls by 5-3 in FT-quoted Industrials, while the FT-Actuaries All-Share index hardened 0.1 per cent to a fresh 1975-76 peak of 168.29, for a rise of 1.8 per cent on the week.

A sizeable trade was again effected in investment currency and for much of the day rates were around 113½ per cent. Demand, however, faded late and in thin dealings the premium slipped little to close a net 1½ down at 112½ per cent. Yesterday's SE conversion factor was 0.6004 (0.5984).

### Banks stay firm

The 1 per cent reduction in Minimum Lending Rate coming in the wake of Thursday's temporary cut in special deposits has not shaken the banks which closed quietly firm. National Westminster added 5s 2 7/8p, to 270p, and Midland 10s 10 1/2p, after 302p. Overseas issues did well with improvements of 8 and 15 respectively scored in the 31s 1/2p and 31s 1/2p. Bank of New South Wales, 70s 5p. Discounts became mixed; Gerrard and National Australia 31s 1/2p. The 31s 1/2p Press conference drew attention to Clive, up 2s at 73p. Merchant bank issues were generally good at 198p ahead of Monday's interim figures. G. R. Dawes put on 10 to 83p, but Anglo-Japanese receded 5 more to 197p.

Quietly firm trading conditions



prevailed in Insurances. Phoenix, 28; Royal, 28; and Star Assurance, 28. All improved 4. Combined Insurance Company of America added 20 to 845p.

Breweries ended the week on a quiet note. Arthur Heuser's hardwired 2 to a 1975-76 high of 130p. Elsewhere, Distillers ended forward 2 to 151p and Amalgamated Distillers ended forward 2 to 11p; the latter's interim results are due Wednesday.

Buildings continued to make modest headway. Robertsons were down 4 to 72p. While Vriplotant, 108p, and Westbrick Products, 41p, put on 3 apiece, The Australian based on 10p. Tenings finished 5 higher at a 1975-76 peak of 153p. A.P. Cement eased 2 to 198p and R. Costain declined 4 to 238p.

After recent strength, ICI Chemicals, 152p, ended the week in Chemicals. Lankro, reflecting a merger's circular, improved 5 to 132p.

Burton "A" featured leading shares rising 3 to 150p following a good turnover. British Home Stores hardened 2 to 388, B. Marks and Spencer, 107p, and Gussard, 217p, closed the week on out alteration. Some secondary issues, Dixon's Photographic put on 6 more at 73p on further consideration of the interim statement. The week's most notable attention to Weston Pharmaceuticals, which moved up 3 to 51p while gains of around 4 were scored by B. J. 35p, and J. J. 74p. Bolton Chemicals firmed 15 to 15p, while Curry improved 2 more at 120p for a rise on the week of 17. Dealing in the week's top 100, the week's Peck (6p) at the company's request pending clarification of its financial position. Following the disclosure of substantial losses, the loss by its property division.

News of a £24m. Middle East order stimulated support for Reyvella Parsons, 4 higher: a 1975-76 peak of 80p.

**Electricals.** Thorn Electrical, awaiting next Wednesday's first-half report, closed 2 firm at 242p, after 246p. GEC closed a shade better at 151p, but ENI came back 3 to 45p and Philips Lamp gave up 15 at 41p. Selside saw demand arising from Newmann Industries, 57p. Reflexion, 87p, and M.K. Electric, 76p, all of which showed rises of around 7, while Crellon, still benefiting from favourable Press comment, added 2 to 86p for a two-day improvement of 6.

Group were popular in Garages, closing 11 firm at 204p following an investment recommendation. Newspapers consolidated the ground gained earlier in the week, with the FTSE 100 moving up 4 to 64p and Weststers Publications 1 to 15p, both following news items. Paper/Printings remained fashionable, Transparent Paper, gaining 5 to 47p and Reed and Smith 2 more to 43p, the latter still assisted by a broker's recommendation. TFI revived with a rise of 2 to 45p.

## Black and white

Black and white. Black rose recent firmness to close 6 down at 39p. Losses elsewhere in Engineering were rare. Both Blackwood Hodge, 165p, and TCK, 120p, achieved double-figure gains. Blackwood Hodge, 165p, led the fore, gaining 8 to 88p. Smaller profits were made with improvements of 3 included Spouter Industries, 32p, J. Shakespeare, 35p, and Weston-Evans, 33p. Still, the market was not without its underdogs, advanced 4 further to 45p. For a similar reason in Shipbuilders, Vosper picked up 2 more to 85p. J. Bibby, 5 better at 75p, was the most mature, well-litened. Glass, Cavenham hardened 2 to 134p, while Tate and Lyle, 275p, and J. Sansbury, 255p, picked up 1 each.

Gains of 5 were scored by British Sugar, 340p, and Cullens Stores, 85p, while Glass Globe finished 3 better at 29p. J. B. Eastwood, 100p, was 10p higher than the previous day's rise of 5 which followed the interim statement.

## Peachy firm late

Business in leading Properties dwindled yesterday and prices were inclined to drift back. Lanes Securities reacted 5 to 127p and MEPC 2 to 92p, while losses of 1 penny were recorded in Amalgamated Properties, 127p, and English Property, 75p. Mainly minor mixed movements occurred elsewhere. Peachey Property made a firm showing as the first hours of the session saw a 40p rise to the better than expected profits. Buyers showed some interest in Berkeley Hamlyn, 120p, after 122p, and Easton and Eastop, 120p, after 121p. The London Exchange Corn Exchange was noteworthy for a rise of 10 to 15p in a thin market. Glaxo Field Securities edged up 3 to 127p, but the rise in the price of the shares was incorrect. On the dull side were London Bridge Securities, which finished another 2 cheaper at 20p, after 18p, in a limited market.

Oils were unable to make any

## English China higher

The leading miscellaneous industrials continued mixed. Glaxo rose 7 points at 183½, while Borden advanced 3 at 140½, but Reed International, still helped by a broker's circular, ended 4 higher at 275½ for a two-day rise of 13. Rank Organisation, down 1 at 118½, was about even, awaiting next Thursday's results. Elsewhere, English China Glaxys moved ahead 7 more to a 1973-76 high of 89½, making a two-day advance of 18 from its previous low of 71½. Bearnse advanced 11 to 118½ in sympathy. Duple International put on a penny to 41p on the chairman's statement, while Anglo American common stock lifted Chemical Industries 1½ to 12p and C.E. Industrials a penny to 16p. Wm. Baird rose 6 to 100p and L.C. Gas 13 to 34½, but the latter's interim profits release of 17c on the interim profits upsurge, reacted 5 to 140p. Ley Group eased 2 to 134p on the first-half profits setback.

Apart from British Leyland, 5 cheaper, there was small selling in a thin market. Motors were idle and little altered. Bristol

lasting headway. Interest fell to an unusually low level and British Petroleum eased 2 to 88½; P.D.S. rose 1½ to 100½, reflecting their recent fears of U.S. financial difficulties for Alaska North Slope operators. Shell was similarly easier at 394p, after a 10-point drop to 384½ in May 1966, but Century remained in vogue at 41p, up 21 more.

Among Overseas Traders, Sime Darby recovered 4 more at 106p, while Kweichow rose 1 at 109p, remaining first ahead of Sime Thursday's first-half figures.

Small gains were in the majority in Trusts and Financials. News Corporation appreciated 1½ on a desley Investments penny dealer at 7p, while a small demand in a thin market helped R. F. Martin rise 6 to 63p. Pearson improved 1½ to 100p, following the same advice brought about improvements of 4 and 5 respectively in Jardine Securities, 142p, and Janakia, 140p, but the latter's return to profitability for the first half year, Lamba Securities cheapened 2 to 118p.

and O. Deferred attracted most interest. Shipping, too, closed only 1½ better at 106p, after 10sp. Following Thursday's

	Jan. 10	Jan. 15	Jan. 16	Jan. 17	Jan. 18	Jan. 19	Jan. 20
Government Sec.	65.27	65.20	62.89	63.17	63.16	62.82	62.82
Fixed Interest	62.50	62.50	60.40	62.35	62.19	61.33	61.33
Industrial Ordinary	403.8	404.5	398.7	402.4	398.4	401.6	401.6
Gold Mines	209.5	216.7	216.5	211.6	223.6	227.9	227.9
Ord. Div. Yield 2	5.22	5.21	5.27	5.33	5.34	5.26	5.26
Savings Yld (30 days)	14.55	14.53	14.70	14.81	14.68	14.68	14.68
P/E Ratio (inst. on 100)	10.06	10.09	9.98	10.04	9.95	9.98	9.98
Debt to Equity	8.360	8.753	9.048	9.208	10.746	8.712	8.712
Leading barometer Ecn.		39.37	34.35	34.88	32.76	34.48	34.48
Stocky barometer total		21.594	20.330	24.614	22.605	21.479	21.479

10 a.m. 403.5    11 a.m. 403.4    Noon 403.3    1 p.m. 403.4  
 2 p.m. 403.4    3 p.m. 403.3  
 Latest Market (5-26-32)

HIGHS AND LOWS				S.E. ACTIVITY			
	1976		Subs Compliance		Jan. 16		
	High	Low	High	Low			
Govt. Secs.	65.27	48.18	127.4	49.18	Daily-Edg.-Rdgd.	217.5	2
	(161/76)	(31/76)	21/76	(31/76)	Insults.	297.5	3
Spec. Int.	66.50	50.93	150.4	50.63	Spec. Int.	190.5	1
	(161/76)	(31/76)	(281/176)	(51/76)			
Inst. Ord.	402.3	146.0	545.5	49.4	Edg.-Rdgd.	227.5	2
	(151/76)	(61/76)	(245/76)	(24/76)	Inst. Ord.	822.9	9
Gold Min.	44.7	30.9	54.5	43.5	Spec. Int.	70.5	2
	(161/76)	(161/76)	(246/76)	(26/176)	Totals	409.9	

damp reaction to the \$22m "rights" issue announcement. Ocean Transport edged forward 2 to 142 1/2, while a small spate of gains followed Rarden South "A" 7 to 108 1/2.

Apart from Courtaulds, which eased a penny to 16 1/4, small increases in the stock index were the order of the day in Textiles. Tobacco majors tended to soften with Imps 1 off at 88p.

Substantial Press comment on Wednesday's interim figures, Guthrie pushed forward to

had given the Papan New Government a five day ultimatum on royalty payments which it threatened to be followed by a rupture at the mine.

Tins, Platinum and Crude were little tested. Coronado deplete were 5 off at 130p, while the stock released in poor December quarter figures and the reduction in the milling rate at its Inyati gold mine in Rhodesia.

touch 180p before closing 4 better  
on balance at 178p.

## Gold slide continues

It was another depressing day in the Gold share market as the Gold Mines Index fell to 409.40 on December 31, 1973. As on the other days this week, share prices closely followed the movement of bullion which yesterday was \$340.10 at \$130.10 lowest since September 23 last, for a loss of \$6.75 over the week.

As on previous days, Financials were relatively aloof from the market, but share prices being helped by the recent firmness of Industrial markets both here and in the U.S. De Beers were the exception, falling 1.25 to 10.25, but still 7 higher on the week despite what was generally regarded as a slightly disappointing 1973 diamond sales figures announced by the Selling Organisation on Monday.

Australians were quietly mixed, Pangeocontinental being a off at £104 having risen to 105p last week, following the Australian Government's statement that it will ensure uranium supplies to Japan over the longer term.

At 110p despite news that the Bougainville Island secessionists

## RATES

AFI International Bank  
Allied Irish Banks Ltd  
Anglo-Portuguese Bank  
Henry Ansbacher  
Banco de Bilbao  
Banco de Credit  
Com. de Paris  
Bank of N.A.W.  
Banque du Rhone S.A.  
Barclays Bank  
Barnett, Christie Ltd  
Brennar Holdings Ltd  
Brit. Bank of Mid. East  
Brown Shipley  
Carnegie & Co. Ltd.  
Cedar Holdings  
Charterhouse Asphat  
C. E. Coates  
Consolidated Credits  
Co-operative Bank  
Commercial Societies  
Credit Lyonnais  
C. R. Dawes  
Duffo Brothers  
Duncan Lawrie  
English Transcont  
First London Secs.  
First Sydney Secs.  
Antony Gibbs  
Com. Current Bank  
Greyhound Guaranty  
Graysday Bank

## F.T.—ACTUARIES SHARE INDICES

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## MONEY + EXCHANGES

## Minimum Lending Rate 10<sup>30</sup>/<sub>4</sub>%

Bank of England Minimum Lending Rate 10 1/2 per cent. (since January 16, 1976)

The Treasury bill rate fell by 0.25 per cent. to 10.0645 per cent. at the end of the week.

Bank of England Minimum Lending Rate was reduced by 1/2 per cent. to 10 1/4 per cent. The minimum accepted bid was £97.47 compared with £97.43 per cent. previously, and bids at that level were 100 per cent. of the £300m. bills tendered and allotted attracted bids of £990.47m. All bills offered were allotted while next week \$400m. will replace similar maturities.

Day-to-day credit was in good supply in the London money market. The authorities did not intervene.

Banks brought forward surplus funds to the £100m. limit of maturing Treasury bills were also in the market's favour. On the other hand revenue payments to the Treasury in the form of interest disbursements, there was an increase in the note circulation

and the market was also faced with maturing local authority bills.

Discount houses paid 10-10½ per cent for secured call loans in the early part and closing balances were taken at about 9-10 per cent. Short-term fixed period interest rates were down to 10-10½ per cent, downward trend, with the three-month sterling certificates yield easing to 10-10½ per cent from 10-11 per cent.

Rates in the table below are nominal in some cases.

London & European ..	London Mercantile ..
Midland Bank .....	Montagu .....
Morgan .....	Morgan Grenfell ..
National Westminster ..	Northern Comm. Trust ..
North's General Trust ..	Parsons .....
Guaranty .....	P. S. Reifson & Co. ....
Rossminster Acceptors' ..	Schlesinger Limited ....
E. S. Schwab .....	Shearman & Co. Ltd. ....
Shenley Trust Co. Ltd. ....	

Jan 16 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits <sup>a</sup>	Local Authority negotiable bonds	Finance House deposits	Company deposits
Overnight... 3 days notice, 7 days notice, One month... Two months... Three months... Six months... Nine months... One year... Two years...	-- -- -- 10% 10-10 10% 10-10 10% 10-10 10% 9-9 10% 9-9 10% 10-10 10% 10-10	10-10-10% 10-10-10% 10-10-10% 10-10-10% 9-9-9 9-9-9 9-9-10 10-10-10	10-10-10% 10-10-10% 10-10-10% 10-10-10% 10-10-10% 10-10-10% 10-10-10% 10-10-10%	-- -- 10% 10-10 10% 10-10 10% 10-10 10% 9-9 10% 9-9 10% 10-10	-- -- 10% 10-11 10% 10-11 10% 10-11 10% 10-11 10% 10-11 10% 10-11	10%-11 -- -- -- -- -- -- -- --

<sup>a</sup> Local Authority and Finance Houses seven days' notice, other seven days' fixed rate nominally three years 12-12½ per cent.; four years 13-12½ per cent.; five-year rate at buying rates for prime paper, buying rates for four-month bank bills plus 1½-11½ per cent. Approximate selling rates for one month Bank bill 10-10; two-month 9-9; three-month 9-9½; six-month 9-9½; nine-month 9-9½; one year 10-10; two years 10-10.

<sup>b</sup> Deposit Rate for Small Savings Rate (published by the Finance Houses Association) 11½ per cent. Deposit Rate for small sums at seven days' notice 6½ per cent. Clearing Bank

## EXCHANGES AND BULLION

Gold lost  $\frac{1}{2}$ ¢ to close at \$129.49-\$130.94. Its lowest finishing level since September 23. Trading was fairly active but the metal remains depressed by the possible implications of gold sales by the International Monetary Fund. The Kruggerand closed at \$130.35; 1954-55 \$4 in the domestic and international markets. The coin's premium over its gold content widened to 3.46 per cent, from 2.53 per cent. The domestic bid-ask spread per cent in international dealers.

Starting gained ground following an improvement in the U.K. economic picture for December. The pound's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, narrowed to 30.1 per cent, from 30.6 per cent previously, and stood at 30.1 per cent at noon and 30.2 per cent in early deals.

Sterling opened at \$2.0270-\$2.0275 in terms of the dollar and after easing to \$2.0265, finished at \$2.0295-2.0305, a gain of 25 points on the day.

The U.S. dollar also improved against the major European currencies and its trade-weighted average depreciation since the Washington Agreement as calculated by Morgan Guaranty of New York, narrowed to 2.84 per cent from 2.47 per cent on Thursday.

## FOREIGN EXCHANGE

Jan. 15, 1978		Market Rates		
Bank	Rate	Daily's Forward	C/Com.	
New York	8	1.0958-2.0303	2.0303-2.0205	
Mexico	8	2.0343-2.1616	2.1425-2.4118	
Amsterdam	8	5.46(1)-9.54	8.12-9.54	
London	10 1/2	72.00-72.00	72.00-72.00	
Copani's price	8 1/2	12.47-12.51	12.49-12.54	
Frankfurt	8 1/2	5.46(1)-5.46(1)	5.46(1)-5.46(1)	
Paris	8 1/2	53.10-53.39	53.35-55.35	
Madrid	8 1/2	53.10-53.39	53.35-55.35	
Barcelona	8 1/2	53.10-53.39	53.35-55.35	
Osaka	8 1/2	1.044-1.151	1.151-1.150	
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## EXCHANGE CROSS-RATE

Jan. 16	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt		2.80 50	66.0 10	6.82 43	6.47 18	97.26 40	100.0 10
New York	87.46		22.30 32	6.54 54	6.09 55	97.45 47	97.85 45
Paris	12.48 06	4.4782 80		6.57 18	6.07 58	97.48 47	97.88 45
Brussels	12.49 12	4.49 17 30	6.76 78		79 63 76	14.28 72	100.0 12
London	102.71 75	2.4657 00	6.75 38	6.58 38		97.48 47	97.88 45
Amsterdam	102.71 75	2.4657 00	6.75 38	6.58 38	5.4118 42		102.70 75
Zurich	98.90 12	6.6302 85	57.97 68	6.81 38	6.2746 90	97.31 48	

U.S. \$ in German Marks ..... 100.56 36  
 U.S. \$ in New York \$ 89.46 47 U.S. cents. U.S. \$ in Italian 694.23  
 Sterling in Italian 1287.85

## EURO-CURRENCY INTEREST RATES<sup>1</sup>

Jan. 16 1978	Sterling	U.S. dollar	Canadian dollar	Dutch Guilder	W. German mark	Swiss franc
(short term)	1014-14	634-14	74-14	845-14	214-34	34-46
1 days notice	1014-106	474-56	8-8	844-59	214-34	34-50
Month	1014-106	474-54	812-84	844-56	214-34	119-114
Three months	1014-14	556-54	814-84	844-54	214-34	119-114
Six months	1014-14	556-54	814-84	844-54	214-34	119-114
One year	1014-10	556-74	814-84	844-54	214-34	119-114

Euro-French deposit rates: short term 44-48 per cent.; seven days' notice 41-43 per cent.; one month 44-48 per cent.; three months 44-48 per cent.; six months 44-48 per cent.; one year 7-14-7-14 per cent.

Long-term Euro-French deposit rates: two years 74-74 per cent.; three years 84-84 per cent.; four years 84-84 per cent.; five years 84-84 per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 54-54 per cent.; three months 54-54 per cent.; six months 54-54 per cent.; one year 54-54 per cent.

\* Rates are nominal clearing rates.

—Short-term rates are cited for sterling, U.S. dollars and Canadian dollars and

Stockholm	6	8.86-8.88
Tokyo	81 1/2	675-625
Vienna	8	57.15-57.45

Zurich	2 1/2	0.75-0.92	5.575-6.050		Jan. 18, 1996	Jan. 1
<p>* Basic domestic. † Silver rates are not convertible. From: closing domestic from 5.900-6.050</p>						
<b>OTHER MARKETS</b>						
Argentina	127.78-80	U.S. \$ rate	200-225			
Australia	1.8025-1.8107	Australian	50-53			
Brazil	1.20-1.21	Belgian	200-225			
Canada	1.65-1.78	British	15-17			
Greenland	70.155-72.388	Denmark	2,000-07			
Hong Kong	110-110.10	Denmark	112.00-80			
India	175-176	France	65-68			
Kuwait	5.658-5.698	Germany	250-255			
Malaysia	125-125.98	Germany	75-80			
Mexico	1.25-1.26	Italy	100-105			
New Zealand	1.8328-1.8453	Japan	9.15-9.40			
Saudi Arabia	7.10-7.20	Netherl.	120-125			
Singapore	5.680-5.690	Netherl.	100-105			
S. Africa	1.7541-1.7719	Spain	70-80			
U.S.		Spain	118-124			
U.K.		Sweden	100-105			
U.S.		U.S.	2,000-04			
U.S.		U.S.	2,000-04			
U.S. cents	90.45-90.58	Yugoslavia	50-60			
<p>* Based on rates quoted by specialist dealers. † Rate given is the financial rate.</p>						
<p><b>Gold Bullion</b></p>						
Cash	\$1290-1300	\$123-1				
Openning	\$1300-1310	\$124-1				
Normal	\$1290-1300	\$124-1				
Afternoon	\$1285-1290	\$123-1				
Gold Coins						
(domestic)						
Kruggerand	\$1335-1355	\$133-1				
1976-1981	\$1335-1355	\$133-1				
New Sov's	\$411-435	\$42-44				
Old Sov's	\$411-435	\$42-44				
Old Sov's	\$411-435	\$42-44				
Gold Coins						
(intern'l)						
Kruggerand	\$1335-1355	\$133-1				
1976-1981	\$1335-1355	\$133-1				
New Sov's	\$411-435	\$42-44				
Old Sov's	\$411-435	\$42-44				
Old Sov's	\$411-435	\$42-44				
\$20 Eagles	\$200-210	\$21-2				
\$100 Eagles	\$107-110	\$105-1				

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| FORWARD RATES          |               |               | SPECIAL DRAWING   |          |     |
|------------------------|---------------|---------------|-------------------|----------|-----|
|                        | One month     | Three month   | RIGHT RATES       |          |     |
| New York               | 0.87-0.77 c/s | 0.74-0.67 c/s | One SDR to equal  | 464.16   | Jan |
| Montreal               | 0.30-0.20 c/s | 0.28-0.18 c/s | starting on       | 0.778821 | 0.5 |
| Amst'dam               | 34-14 c/s     | 30-10 c/s     | U.S. dollar...    | 1.73585  | 1.1 |
| Bremen                 | 14-14 c/s     | 12-14 c/s     | Belgian franc...  | 46.1092  | 46  |
| Frankfurt              | 34-14 c/s     | 30-10 c/s     | Swiss franc...    | 1.03945  | 1.0 |
| Paris                  | 100 c/s       | 100 c/s       | French franc...   | 5.25122  | 6.2 |
| London                 | 160 c/s       | 160 c/s       | Italian lire...   | 808.08   | 809 |
| Geneva                 | 160 c/s       | 160 c/s       | Spanish peseta... | 166.666  | 167 |
| Osaka                  | 2 c/s         | 2 c/s         | Dutch guilder...  | 3.16334  | 3.1 |
| Algeria                | 2 c/s         | 2 c/s         | Swedish krona...  | 5.25550  | 5.1 |
| Vienna                 | 40-15 c/s     | 40-15 c/s     |                   |          |     |
| Stockholm              | 4-14 c/s      | 4-14 c/s      |                   |          |     |
| Six-month forward U.S. |               |               |                   |          |     |
| London                 | 4.83-4.44c    |               |                   |          |     |



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## NOTES

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*Journal of Management Studies*, 20(6), 791-806.

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MAN OF THE WEEK  
**Busier than ever**  
BY RAY DAFTER



AT A TIME when most executives are putting the finishing touches to their retirement plans, Lord Kearn - 65 next month - is re-emerging as a leading figure in British industry.

Not only has he been appointed chairman of the new British National Oil Corporation but he will also be taking up the reins of chief executive, at least for the time being. Lord Kearn now finds himself playing a familiar role.

For he held similar dual posts for a decade at Courtauld until his retirement in July last year.

There was—and still is—deep resentment and suspicion of BNO's function among the oil industry and Lord Kearn was initially met with a cool, often hostile response from company executives. The fact that his reception is now noticeably warmer is probably a mark of respect for his industrial stature and knowledge rather than any new found love for BNO.

Lord Kearn, a chemical engineer, is not as naive about oil matters as many in the established industry might have first thought. His life in the chemical industry brought him in close touch with oil. Indeed, Courtaulds joined a consortium in 1954 to take up two North Sea licences covering 17 blocks. The group realised, however, that oil exploration was not its forte, and pulled out of the North Sea. Even so, Courtaulds, through its British Celanese interests, is the possessor of a small but unique thermal oil cracker.

Whatever the oil industry thinks of Lord Kearn, it is still suspicious of BNO as a body and function, however. Some companies have been less than helpful in allowing executives to sit on BNO's Board as part-time members.

Furthermore concerted efforts by a team of "head hunters" have failed to find a suitably qualified chief executive from inside or outside the oil sector, which is why Lord Kearn is to step into the breach.

But it is clear that in spite of its reluctance to push forward candidates, the oil industry would like to see more "oil" experience on the Board. This is one of the early criticisms levelled at the organisation. The second concern is the age of some of the members.

Dr. Beric Wright, medical adviser of the Institute of Directors, has referred to the "geriatric trio" of Lord Kearn, Lord Balogh (70), the deputy chairman, and Lord Brimshaw (67). Dr. Wright contends that Britain's youngest growth industry should not be left in the hands of elderly people who tended to become slaves to past experiences and thought processes.

The accusation misfired on two counts, however. First Dr. Wright would be the first to admit that the ageing process is not constant in all men; Lord Kearn's vitality and obvious enthusiasm proves that point. Secondly, the elder statesmen on the Board are supported by a number of younger members.

There are early signs that BNO is taking the shape of IRC: not surprising, perhaps, considering Lord Kearn was its chairman for 23 years. Once again, he is seeking to run a tight organisation—at least initially—with the part-time Board supported by a second tier Board of active, mainly younger, directors.

IRC was allowed to settle down quietly, with very little publicity: BNO has been shoved into the spotlight.

# Lebanese air force strafes Leftists

BY HSIAN HIAZI

BEIRUT, Jan. 16.

THE fighting in Lebanon intensified yesterday when two Air Force Hunter jets strafed Palestinian leftist positions which had fired on an Army convoy travelling south to the beleaguered Christian village of Al Damour.

The attack was sharply condemned last night by Lebanon's Moslem leaders when they accused the army of insubordination in sending in the jets. A statement, issued after a meeting of the leaders, was seen as reflecting the increasing polarisation of fighting along religious lines. Quoted by Damascus-based Voice of Palestine radio, it said that the Christian army commander-in-chief had sent in the aircraft in defence of Mr. Rashid Karami, the Moslem Prime Minister and Defence Minister.

The two aircraft took off from Beirut airport and headed south. They dived in the direction of Al Damour and soon the sound of explosions could be clearly heard. They made three dives before returning to the airport area, apparently to replenish ammunition. A few minutes later they could be seen zooming back southward.

As the aircraft swept back to the airport area they were fired on by heavy machine guns from two Palestinian refugee camps close by. The aircraft were not hit.

The fighters were also believed to have raided gunmen engaged

in heavy fighting around another refugee camp, which is located at Tai Al Zatar in Beirut's eastern suburbs. Airforce intervention by the leftists is regarded here as a serious development in the nine-month Lebanese crisis.

The leftist and Palestinian commandos had already been complaining of alleged military intervention against them, and Socialist leader Mr. Kamal Jumblatt said only yesterday that while army units were trying to interfere against the leftists in Al Damour they did not lift a finger against the rightist militiamen who earlier this week attacked and captured the Palestinian refugee camp at Dabieh 15 miles North of here.

## Resignation

Moslem leaders had strongly objected to intervention by the army in the current crisis and Premier Rashid Karami, himself a Moslem, said a few days ago the country was divided on the issue.

Observers believe that today's development has placed Mr. Karami in a grave and embarrassing position because he is also Minister of Defence. They do not rule out the possibility that he might resign.

Shortly after the aircraft carried out their action, there was a full scale mobilisation in Moslem and Palestinian areas in and around Beirut.

While the aircraft were airborne, the Syrian Chief of Staff, Major General Hikmat al Chehawi, was meeting with President Suleiman Franjeh, at the Baabda Palace outside Beirut.

Gen. al Chehawi had arrived in the morning to help in arranging a ceasefire. His trip came after a telephone conversation yesterday between President Franjeh and Syrian President Hafiz al Assad.

Gen. al Chehawi's visit was also part of preparations for an early meeting between Franjeh and al Assad to discuss a possible solution to the Lebanese crisis. Richard Johns writes: "The Air Force action is likely to increase the pressure from Arab states for a settlement. The accusation that the Army has intervened on the side of Christian forces when they captured the refugee camp, if Dabieh has angered other Arab Governments."

Saudi Arabia and Egypt have been particularly explicit in their condemnation of the blockade of the Palestinian camps which led to the latest and most serious round of the conflict nearly two weeks ago.

The Lebanese Armed Forces are an inter-confessional body and there has been speculation that they may divide under the increasing strains caused by the conflict.

Middle East peace on firing line, Page 12

# EEC plan for \$7 oil 'floor price'

BY REGINALD DALE

BRUSSELS, Jan. 16.

THE EEC Commission to-night followed up last month's Rome summit by proposing a "floor price" of \$7 a barrel for imported oil to help safeguard investments in new energy sources inside the Community.

M. Henri Simonet, the Commission's vice-president for energy, said it remained "improbable" for the moment that oil prices would in fact drop significantly and admitted that the \$7 figure would provide "psychological rather than economic" protection.

The figure could be revised upwards if necessary but the Commission was not proposing any automatic system for its adjustment. If import prices were to drop below the floor level, the Community should impose import levies, he suggested.

The establishment of a "floor" or Minimum Safeguard Price has long been demanded by the U.K. to help guarantee the viability of North Sea oil in the event of a collapse in world oil prices.

The Community's apparent acceptance of such a system in Rome was a major factor in persuading Mr. Harold Wilson, the Prime Minister, to drop his demand for a separate British seat in the North-South dialogue on energy and raw materials in Paris.

In contacts with the other EEC countries, Britain had indicated that the floor price should be about \$7 to \$8 per barrel, while Germany insisted that \$7 was the very maximum it could accept. France has never yet publicly endorsed the idea.

A high floor price would penalise most of the U.K.'s EEC partners, who are major oil importers.

## Investment

Other measures proposed here to-night include earlier Commission recommendations for energy-saving and fuel sharing in a future oil crisis. These could include Community loans to help finance nuclear power stations, incentives to uranium prospecting and an EEC scheme for guaranteeing investments in high risk areas.

Introducing the proposals, M. Simonet said the \$7 floor price would protect around 70 per cent of the Community's current total energy production, although two-thirds of that production would not be covered.

In 1985, the price would protect between 70 and 75 per cent of total production, with 85 per cent of coal unaffected. M. Simonet recalled earlier Commission estimates "that \$22bn-worth of investments would be needed for the Community to reduce its dependence on energy imports to 40-50 per cent by 1985."

A report published by the Commission to-day, however, casts doubts on whether this ambitious target, adopted by Ministers at the end of 1974, could actually be achieved.

It says it would only require a marginally higher growth rate than the annual 3.5 per cent predicted for the Community for the 50 per cent self-sufficiency figure to become unattainable.

## Anti-trust move on boycott

By David Bell

WASHINGTON, Jan. 16.

THE JUSTICE Department to-day accused the Bechtel Group of breaking anti-trust rules by co-operating with the Arab anti-Israel boycott.

The case is the first of its kind and has important implications for all U.S. companies operating in the Middle East.

The department alleges, in a complaint filed in San Francisco, that Bechtel—one of the largest U.S. private companies—refused to deal with other U.S. companies on the Arab boycott list and required its sub-contractors to do the same.

The company said that the complaint was "totally unwarranted" and that Bechtel would oppose it.

The company was sure that it had been acting in full compliance with U.S. law and foreign policy.

The action against Bechtel is the first to arise out of a Justice Department investigation of several U.S. companies, which is still going on.

The Department suspects that several companies may have been deliberately "freecoring" other U.S. companies from lucrative Arab contracts because their names appear on the boycott list.

Bechtel is a major construction company which won foreign contracts worth \$634m in 1973 and \$450m in 1974.

It has traditionally kept out of the limelight and in recent years has recruited some former senior Government officials.

# THE LEX COLUMN

## A test of stamina for the market

Index fell 0.1 to 403.2

Buyers continue to appear but the danger is growing that the market may have become over-bought with many institutions becoming fully invested.

Dealers noticed a change of tactics by the Government Broker yesterday, who was much less willing to supply stock at fixed prices than he had been during the lives of other recent taps.

In this sense the rise in the market may be less firmly based than previously and the equity market too may be tested by the expected new wave of rights issues of which Ocean Transport was the forerunner on Thursday.

The heavy batch of economic news yesterday provided no disappointments: Minimum Lending Rate duly fell by a quarter point, and the similar fall in

the way open for the art receiver: a group negligible net assets at wards of £40m, of born (secured on land, which time was hard to turn cash) has to survive bankers' goodwill. P where the banks are blame is not for what the last June, but for the we they permitted—if not aged—the group's over-division in the first place.

## Dividends

Coats Patons provide most notable of the 24 which companies will be paid by the Treasury's efforts to extricate itself: the tangles of its own di control policy. From a cases when payments are or reduced for one year will be treated as distinct recovery situations in payments can only be r them now so down as well as a least during the previous ten Taking the example of the existing recovery would only have permi gross payment of 3.53p r for 1975, but it will now to distribute 4.08p. This however, some way short 4.53p it would have bee to pay had it maintain maximum dividends thro. Essentially companies only forfeit one year's per increment instead of th sensible change for the which increases. Res There could be a benefi cation for shareholders ever, because compani can feel less obliged t up in the dividend rat they hit a temporary cas

## Northern Dev.

A receiver may be appointed when a company cannot pay its debts, so the news that Northern Developments had net assets of £1.4m. (71p per share) last June has no bearing on the argument about whether the banks were justified in pulling out the plug. Moreover the figure is ringed with qualifications. The most eye catching is that it includes the directors' estimates of land values, which are £2m. above those of the independent valuers. It does not take into account the costs of the receivership, which will be substantial, or large contingent liabilities for tax and contract claims.

However it does not look as though Northern was losing money on any scale when the receiver moved in—tangible net worth the previous autumn was down to as little as £300,000 on roughly comparable land valuations—and it is perfectly possible that it could trade its way out of its present troubles. It still has approaching 20,000 housing plots in its land bank at a written down price of perhaps £700 apiece, and there would be real equity here if land prices were to take off again.

Current trading is reasonably satisfactory, and the mountain of debt was already being reduced last summer. But although there is no way for an outsider to tell whether the group could be doing better under its original management, it was their policies which laid

## Culter Guard

Proponents of the bank concept might care a look at Culter Guard, the papermaking group yesterday reported losses that knock an elite its net worth. The background is now im but there are more re come in the current h the group says that e recovery might take years. Meantime it is need finance, and a righ is ruled out since the are below par. It appea a viable business—m case where the inst might rally round?

## Weather

U.K. TO-DAY  
A MILD westerly airstream will keep England and Wales dry but Scotland and N. Ireland will have some rain.

Dry with bright intervals. Wind light. Max. 9C (48F). Channel Isles, S.W. England, Wales, N.W. England, Lakes, Isle of Man, N. England

Mainly cloudy but dry. Light westerly wind. Max. 9C (48F). N.E. England, Borders, Edinburgh, Dundee, S.W. Scotland

Mainly dry with bright intervals. Max. 9C (48F). Outlook: Mostly dry with night frost and fog patches.

Lighting-up: London 16.51, Manchester 16.51, Glasgow 16.48, Belfast 17.01.

## BUSINESS CENTRES

|               | Y-day  | Mid-day   | Y-day  | Mid-day |
|---------------|--------|-----------|--------|---------|
| Amsterdam     | F 9 40 | Manchestr | R 4 41 |         |
| Algeria       | F 9 40 | Melbourne | R 4 41 |         |
| Algiers       | F 9 40 | Moscow    | R 4 41 |         |
| Antwerp       | F 9 40 | Munich    | R 4 41 |         |
| Athens        | F 9 40 | New York  | R 4 41 |         |
| Bahia         | F 9 40 | Osaka     | R 4 41 |         |
| Bangkok       | F 9 40 | Paris     | R 4 41 |         |
| Barcelona     | F 9 40 | Rio de J. | R 4 41 |         |
| Bombay        | F 9 40 | Roskvik   | R 4 41 |         |
| Buenos Aires  | F 9 40 | Singapore | R 4 41 |         |
| Bursa         | F 9 40 | Stockholm | R 4 41 |         |
| Calcutta      | F 9 40 | Sydney    | R 4 41 |         |
| Canton        | F 9 40 | Taipei    | R 4 41 |         |
| Cebu          | F 9 40 | Tokyo     | R 4 41 |         |
| Colon         | F 9 40 | Yokohama  | R 4 41 |         |
| Dacca         | F 9 40 |           |        |         |
| Damascus      | F 9 40 |           |        |         |
| Dar es Salaam | F 9 40 |           |        |         |
| Delhi         | F 9 40 |           |        |         |
| Dhaka         | F 9 40 |           |        |         |
| Dublin        | F 9 40 |           |        |         |
| Edinburgh     | F 9 40 |           |        |         |
| Frankfurt     | F 9 40 |           |        |         |
| Geneva        | F 9 40 |           |        |         |
| Hong Kong     | F 9 40 |           |        |         |
| London        | F 9 40 |           |        |         |
| Lyons         | F 9 40 |           |        |         |
| Madrid        | F 9 40 |           |        |         |

## HOLIDAY RESORTS

|               | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
|---------------|------|------|------|------|------|------|
| Algeria       | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Algiers       | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Amsterdam     | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Antwerp       | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Athens        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Bahia         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Bangkok       | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Barcelona     | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Bombay        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Buenos Aires  | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Bursa         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Calcutta      | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Canton        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Cebu          | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Colon         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Dacca         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Damascus      | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Dar es Salaam | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Delhi         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Dhaka         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Dublin        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
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| London        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Lyons         | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |
| Madrid        | F 13 | S 14 | J 15 | F 16 | S 17 | J 18 |

# Building society receipts trebled to £3.25bn.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING societies ended 1975—their most successful year—on a very encouraging note. Funds continued to pour in during December, and near-record lending levels were maintained.

For the full year, the final figures show that the movement took £2.25bn. in net receipts, nearly treble the 1974 total of £1.13bn. Societies also lent out massive £1.96bn, against only £1.28bn. in the previous 12 months.

Detailed figures of the number of people who received mortgages last year are not yet available but it is likely to be of the order of 850,000 compared with the 1974 figure of 433,000. In December, societies took in £738m. from investors, an increase of £4m. over the previous month, despite the Christmas holiday. Withdrawals, however, rose from £457m. in November to £507m., leaving net receipts of £231m.

Earlier estimates had suggested that net receipts would touch only about £200m. compared with £247m. in the preceding month. The outcome is being regarded as very encouraging and compares with the December 1974 figure of only £158m.

During December, another £470m. was advanced to home buyers compared with £455m. in the previous month and

October's record monthly figure of £492m. Societies promised to lend a further £425m. to prospective buyers, a fall of £32m. from November.

The immediate outlook for potential house buyers also looks very good. Mr. Norman Giegis, secretary-general of the Building Societies Association,

| BUILDING SOCIETY NET RECEIPTS |      |      |
|-------------------------------|------|------|
|                               | 1974 | 1975 |
| July                          | 128  | 270  |
| August                        | 112  | 253  |
| September                     | 138  | 276  |
| October                       | 179  | 306  |
| November                      | 178  | 247  |
| December                      | 168  | 231  |

said yesterday: "Considering Christmas spending, the net intake of cash during December was remarkably well maintained."

## Good month

"January is always a good month for investment and societies stand possessed of substantial liquid funds, so there is no reason why a high level of lending should not continue over the months immediately ahead."

Societies are clearly continuing to benefit from the steady reduction in competitive rates—with another fall in the Minimum

Lending Rate yesterday improving their position. But despite their strong position—with liquidity levels from most societies now over 20 per cent—there seems little chance of any early reduction in their own investors' or borrowers' rates.

The societies' major priority is to ensure that they have a plentiful supply of funds for home loans which could enable them to sustain a relatively high level of lending later this year, even if the market for savings becomes far more competitive and their own position weakens. Both the societies and the Government want builders to step up output in the knowledge that finance for house purchase will be available when properties reach the market.

Societies, however, could have to run down their liquidity levels if their short-term investments in the money and gilt markets become less attractive and mortgage lending again offered a better rate of return on their money.

The extent of the run-down in liquidity would be governed by the effect that such a flood of money to the housing market could have on prices. In the end, societies might be forced to change rates, which would prove as much as the chance to restore some very narrow operating margins.

# Progress on Fleet St. technology

By Roy Rogers, Labour Correspondent

LEADERS of five printing unions and national newspaper employers yesterday made further significant progress towards an agreement covering the introduction of new technology which a growing number of national newspapers see as their main hope for long-term profitability.

After five hours of talks, a joint statement stressed that the two sides had "moved closer" to an overall agreement and had in fact reached broad agreement on three major issues, including compensation terms for those volunteering for redundancy, a general need to improve pensions, and agreement that "de-casualisation" of the industry would be a major step forward.

Working parties are to be set up to look into each of these three points and report back to a further top-level meeting which is also due to draw up a joint submission to the Royal Commission on the Press.

The commission has agreed to postpone its interim report on Fleet Street's financial situation for a month so as to hear the outcome of these next negotiations.

The two sides of the industry will also set up a standing joint committee to supervise the introduction of new computerised technology and the utilisation of manpower.

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, and chairman of the TUC printing industry committee, left yesterday's talks feeling "well satisfied."

"If we continue the way we are going now, I believe we can find a solution to the problems facing the industry," he added.

# Dividend restraint rules relaxed by Treasury decision

BY MARGARET REID

COMPANIES which cut or miss out their dividend for one year will now be allowed to restore it in the following year to the level before the reduction plus the normally permitted 10 per cent increase.

This was announced yesterday by the Treasury in a clarification of the rules for dividend control in "recovery situations."

Generally, Boards which increase their dividend after a reduction can only raise it again to the level paid in two of the previous 10 years. Hitherto, this was usually meant that, even after a one-year cut following previously rising payments, the rate of distribution can be restored to no more than that prevailing three years earlier.

## Coats Patons

Under the new ruling, shareholders who have suffered a reduction in one year may in the following year of better fortunes receive 10 per cent more than in the year before the cut.

One of the major companies which will be helped by the Treasury decision is Coats Patons, which missed out its final dividend for 1974, mainly to conserve cash. It will now be permitted, as it wishes, to pay 10 per cent more for 1975 than for 1974.

The Treasury move is partly a recognition that a number of concerns which were obliged, by the exceptional cash squeeze on the company sector in 1974-75, to

## Prudent

The Treasury explained in its statement: "Because of lower profits, a number of companies may be considering declaring a reduced dividend (in order to retain a higher proportion of their profits for investment and working capital) but with the expectation of being able to return to a more normal level next year."

The current rule on recovery would prevent them from doing this and a company might therefore feel obliged to declare a higher dividend than it would otherwise regard as prudent, in order to preserve its entitlement to retain a higher proportion of its profits for investment and working capital.

This should not be taken to reflect a change in the current policy of dividend control or its administration.

## Anti-trust move on boycott

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